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CITY CLUB OF LOS ANGELES

REPORT ON GOVERNMENT OWNERSHIP OF PUBLIC UTILITY SERVICE UNDERTAKINGS

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REPORT ON

Government Ownership

OF

Public Utility Service Undertakings

Prepared by the
COMMITTEE ON MUNICIPAL OWNERSHIP
of the
CITY CLUB OF LOS ANGELES

PRESENTED TO THE CLUB, AND ORDERED PRINTED
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September 15, 1917

INTRODUCTION

During the latter part of 1915 a Special Committee on Municipal Ownership was appointed by Francis B. Kellogg, President of the City Club of Los Angeles, with Charles K. Mohler, Consulting Engineer, Chairman.

The first result of the Committee's work was embodied in a report (based on 1915 data then available) presented during the fall of 1916, and given to the press. This part of the report is still left mainly on the 1915 basis.

A supplemental report was subsequently prepared, a brief synopsis of which was presented to the Club at its regular meeting on Saturday, June 30th, 1917, by the Committee Chairman.

Both reports have been almost wholly the work of Mr. Mohler.

These reports contain a vast amount of detail information which should be made available to those interested in public service finances and municipal ownership questions. It is believed that much of the data in the supplemental report and the method of presentation are original and unique.

In view of the great importance of Municipal Ownership extension and the interest of the general public therein, the City Club has seen fit to have both detailed reports and the synopsis published. It is earnestly hoped that in so doing the Club and its Committee will have furnished a distinct contribution to aid in the full realization of government ownership of all Public Utility Service Undertakings.

Respectfully,

A. G. BARTLETT,
President, City Club of Los Angeles.

Los Angeles, Calif., July 28th, 1917.

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REPORT ON GOVERNMENT OWNERSHIP OF PUBLIC UTILITY SERVICE UNDERTAKINGS BY THE LOS ANGELES CITY CLUB COMMITTEE ON MUNICIPAL OWNERSHIP

INTRODUCTORY OUTLINE OF "FIRST" AND "SUPPLEMENTAL" REPORTS

There is probably more expressed sentiment in favor of municipal ownership of public service utilities, with at the same time less real accomplishment in establishing, than for any other question of public policy in our country.

As many complaints are heard about the high cost of living, taxes, inefficiency and graft in public service, and others of a like nature, it should be of interest to every one to know; of the accomplishments of cities in other countries, the financial status and attainments of Los Angeles in municipal ownership, also the actual and relative value of property devoted to public utility service, and the annual cost of service rendered by government agencies and privately owned utility concerns.

To better inform ourselves the committee has undertaken to secure and present data on the following questions:

First—The extent of governmental ownership of public service utilities in Great Britain, Germany and the United States.

Second—Bonded debt for revenue and non-revenue producing purposes in some typical German and American cities, and the City of Los Angeles.

Third—Accomplishments of Los Angeles in undertaking municipal ownership.

Fourth—Extension of government ownership.

Fifth—The value of property devoted to public utility service in the city under: (a) Public ownership. (b) Private ownership. (c) Public property created under private contracts. (d) The total amount of public service property subject to private control or influence.

Sixth—The annual cost of public service for the city under: (a) Public ownership and operation. (b) Private ownership and operation, also. (c) Cost of public work done under private contract.

Seventh—Incentives for political activity by the private interests engaged in public utility service and public works contracts.

Eighth—Conclusions and recommendations for extension of government ownership of public service utility undertakings.

SYNOPSIS OF REPORTS

COMPARISON OF AMERICAN, GREAT BRITAIN AND GERMAN CITIES

In the 56 largest American cities, the 50 largest cities in Great Britain and a like number in Germany, the public ownership of Water, Gas and Electric supplies in number and per cents are as follows:

OWNERSHIP OF THREE LEADING SERVICE UTILITIES

Country—	No. of Cities.	—Water— No.	P.C.	—Gas— No.	P.C.	—Electric— No.	P.C.	—Total— No.	P.C.
Great Britain	50	39	78.	21	42.	44	88.	104	69.3
Germany	50	48	96.	50	100.	42	84.	140	93.3
United States	56	49	87.5	1	1.8	7	12.5	57	33.9
Totals* and %....	156	136	87.2	72	46.1	93	59.6	301	64.3

*Total number of utilities for all cities 468.

Ownership of water service by American cities is well established, as 49 of the 56 cities, or 87.5%, now own their supplies. This is ½% higher than the combined average for the 100 cities in Great Britain and Germany.

All of the 50 German cities own their gas supply while only one of the 56 American cities owns its supply.

Ownership of electric service shows that Great Britain cities own 88%, German cities 84%, while the 56 American cities stand at 12.5%.

The total average ownership of these three utilities show that the Great Britain cities own more than double the per cent of American cities, while the German city ownership per cent is nearly three times as much as ours.

In contrast to the well established policy of ownership of water service, municipal ownership of gas supplies is hardly considered as yet, and little more than a beginning has been made in electric service ownership in American cities.

LOS ANGELES' EXPERIENCE WITH MUNICIPAL OWNERSHIP

Since owning its water supply Los Angeles has reduced the water rates from 20 to 7 cents per 100 cu. ft. and the minimum monthly bill from $1.50 to 50 cents.

Unreasonably high rates are charged for natural gas supplied in the city and a controversy has been carried on concerning the matter for the last four years.

The development of the electric power along the aqueduct by the city has been held up and delayed from time to time through the influence and opposition of the privately owned utility interests. The total electrical development along the aqueduct will amount to 126,820 K. W. This is equivalent to 44.17% of the combined production of the private concerns now serving Los Angeles and vicinity (287,100 K. W.). It is equivalent to 30.6% of the total full production of the aqueduct and the private concerns combined (315,225 K. W.). Since the detailed report was prepared the city has put in operation one plant with 28,126 K. W. capacity.

While the Los Angeles bonded debt per capita is higher than in most cities of the country, the issues are principally for revenue producing undertakings, which have not been brought fully up to a revenue producing basis. The service utilities that should be taken over at once by the city, Gas and Electricity, are going concerns and should be fully self supporting, with a probable good profit return at the present rates. For a community to issue bonds for such undertakings, in whatever amount necessary, on a conservative business basis, is only good common sense when a distinct gain or saving to the community can be secured by so doing.

PUBLIC SERVICE—PROPERTY VALUES

Detailed information in tabular form gives: Non-Revenue Producing Municipal and County Property. Revenue Producing Municipal Property. Privately Owned Public Service Utility Property, Local and Interstate.

The summary shows the total per capita value of service property is $935.85, of which over half ($491.78) is under private ownership. Public property created under private contract amounts to a total of $44,000,000 or $88.00 per capita. Public property subject to private influence through franchise grants $138,266,605 or $276.53 per capita. Total public service property subject to private interest influence $428,155,000 or $856.31 per capita equal 91.54% of the total. State and United States property is not included.

COST OF SERVICE, DIRECT TAX LEVY, ETC.

Detailed information on the annual cost of public service covers cost of: Non-Revenue Producing City and County Service. Revenue Producing Service by the City. Public Utility Service Rendered by Private Concerns, Local and Interstate.

Information is given concerning the annual cost of work carried out under private contract, which in 1915 amounted to $6,707,629 or $13.41 per capita.

The summary gives the following annual costs of public service rendered by:

Publicly Owned—

City and School District..	$16,711,127.	Total, Per Capita	$33.42	
County	6,282,000.	Total, Per Capita	12.56	(City's Portion)
State	3,160,000.	Total, Per Capita	6.32	(City's Portion)
United States	5,470,000.	Total, Per Capita	10.94	(City's Portion)
First Sub-Total	$31,623,127.	Total, Per Capita	$63.24	

Privately Owned Utility—

Local	$25,078,782.	Total, Per Capita	$50.16	
Interstate	19,030,540.	Total, Per Capita	38.06	(City's Portion)
Second Sub-Total....	$44,109,322.	Total, Per Capita	$88.22	
Grand Total	$75,732,449.	Per Capita	$151.46	

Cost of water transportation, cartage, storage, etc., is not included.

The cost of public service is paid by direct tax, fees, licenses, rentals, internal revenue, duties, rates and fares.

Direct tax levy for 1916 collected by:

City	$ 6,753,715.	Total, Per Capita	$13.51	
County	4,410,000.	Total, Per Capita	8.82	(City's Portion)
Total Sum	$11,163,715.	Per Capita	$22.33	(General Property Tax)

INCENTIVES FOR POLITICAL ACTIVITY BY PUBLIC UTILITY SERVICE AND CONTRACTING CONCERNS AND NEED FOR EXTENSION OF PUBLIC OWNERSHIP AND CONDUCT OF PUBLIC SERVICE UNDERTAKINGS

Incentives for Political Activity

Municipal government in the United States has been either disappointing or a failure largely because of: First—Poor form of government. Second—City elections based on national party politics. Third—The influence of the spoils system. Fourth—Growth of public service utility undertakings in private hands and franchise granting. Fifth—Letting public works contracts to private interests. Sixth—Lack of interest by the electors in public affairs. In short, our cities have been governed in the interest of private gain rather than for the unselfish good of all.

Back of municipal government, graft and scandal has been almost invariably franchise trading and public works contracts. Examples: Tammany Hall contractors in New York City, and the San Francisco franchise grafters.

MONEY MEASURE OF CONTROL INFLUENCE

Public service property values and cost of service, under private control, should serve to show the degree of "interest" of the "Invisible Government" or "System" in public affairs. Over half (52.6%) of the property devoted to public service is privately owned, while over a third more (38.94%) is subject to private interest influence, making a total of over nine-tenths (91.54%) under selfish interest pressure. Out of the $151.46 per capita annual serivce cost, $88.22 or nearly three-fifths (58.25%) is furnished by privately owned concerns. Private enterprise is undertaken primarily for profit.

Private interests concerned in municipal affairs can be served by a "friendly" administration, hence their interests and activity in politics. Prizes and returns to be secured are so great that few of our cities have escaped this blighting influence.

Gain from Government Ownership in Dollars and Cents

Disregarding corruption, graft and political scandal, what should complete government ownership of public service utilities and enterprises mean to us in money saving?

Public service property privately owned amounts to almost $500 ($491.78) per capita. Rate fixing "fair return" is 8%. Municipal bond interest is generally 4½%. Annual saving between fair return and municipal bond interest on undertakings conducted without profit amounts to 3½%. This amount of saving on the per capita private ownership property value of $491.78, amounts to $17.21 per capita or $8,605,000 for the city.

The per capita amount of contract work in 1915 was thirteen and one-half dollars ($13.41). Contractors' profits are generally figured at 20%. Saving if done by city without profit, $2.68 per capita, making with the above about twenty dollars ($19.89) or nearly ten million dollars ($9,945,000) for the city.

With complete government ownership of all service utilities a vast amount of duplication and waste could be avoided. With parcels post why have a half dozen private express companies? Why should not the telegraph and telephone service be consolidated and made a part of the postal system? It is hardly necessary to enumerate the duplication of utility service concerns in Los Angeles. The annual cost of utility service in the city rendered by privately owned con-

cerns in 1915 was $44,109,322 or $88.22 per capita. It is a conservative presumption that the elimination of duplication alone would save 10% on this amount or $4,410,932; per capita, $8.82. This with "fair return" saving gives a total of $13,015,932 or $26.03 per capita. Throw in for good measure the saving on contracts. The direct tax levy, both city and county, amounts to $11,163,715, or a per capita of $22.33. Often complaints are made about the amount of the direct tax levy. The two items of saving on cost of service rendered by private utility concerns, alone amount to over 16.5% more than the entire direct tax levy, saving $26.03; tax levy $22.33 per capita.

The six largest per capita items of expense for service are: Interstate transportation, $35.00; local street railway transportation, $16.20; local telephone, $13.04; electric, $12.52; education, $9.65; gas, $8.21. Five of the above are privately owned utilities and amount to $84.97 out of a total of $94.62 or 90% of this service.

WHAT THE POTENTIAL SAVING WOULD BUY

If the people of Los Angeles were able to save the amount of the two items above, $13,015,932 per annum, some of the following results might be accomplished:

One year's saving would nearly pay for the estimated value of the Los Angeles Gas and Electric Corporation property, $14,000,000. The same estimate applies to the two telephone companies. It would more than two-thirds pay for the estimated value of the Southern California Edison property.

Two years' savings ($26,031,864) would more than cover the estimated value or bonded debt of the Los Angeles Railway Corporation ($23,500,000). It falls only $2,967,136 short of the estimated value of the property of the Pacific Light and Power Corporation.

Eleven years' savings ($143,175,252) would more than pay for the entire estimated value of all local utility service property now under private ownership $140,427,000).

We believe these estimates of saving are conservative. In view of the above showing we also believe that all utility service that now depends on franchise grants or is in its nature a monopoly should be carried on as government undertakings. As practically all service now carried on as government undertakings were at one time private enterprises, why should we be slow or timid about complete ownership by the government?

REPORT ON THE EXTENSION OF PUBLIC OWNERSHIP OF PUBLIC SERVICE UTILITIES

GROWTH OF PUBLIC OWNERSHIP

In general all functions of government such as tax collecting, the conduct of schools, policing and fire protection, construction and maintenance of highways, postal service, sewerage disposal, sanitation, public health, etc., were carried on at first as private enterprises. It logically follows that government or municipal ownership will eventually include all such public service utilities as water, gas, electricity, telegraph, telephone, transportation, marketing, many features of recreation, amusement and other like enterprises.

As most of the functions and utility services now universally performed by the governing agencies are not of a profitable nature, little opposition was encountered in taking them over. On the other hand most of those still conducted by private enterprise are of a profitable nature, and as a result the effort to extend public ownership to include them, meets the most strenuous opposition and innumerable obstacles are thrown in the way by those owning or having interests in them.

PUBLIC OWNERSHIP IN GREAT BRITAIN, GERMANY AND THE UNITED STATES

European countries have gone much farther in public ownership of service utilities than has the United States. Great Britain and Germany have made greater advancement than any other countries. There, railroad transportation and the telegraph and telephone are carried on in part at least as government enterprises. In the larger cities the majority, and in some cases all of the important utility enterprises are carried on under municipal ownership. Fredrick C. Howe, in his "European Cities at Work," gives for the fifty principal cities of Great Britain in 1909 and a like number for Germany in 1908, the following number of utilities municipally owned:

TABLE NO. 1

MUNICIPAL OWNERSHIP OF UTILITIES IN THE 50 LEADING CITIES OF GREAT BRITAIN AND A LIKE NUMBER IN GERMANY

Kind of Utility or Enterprise—	Number Municipally Owned in Great Britain		Number Municipally Owned in Germany		Total Units Each.
	No.	Per Cent.	No.	Per Cent.	
Water Supply	39	78.0	48	96.0	50
Electric	44	88.0	42	84.0	50
Gas	21	42.0	50	100.0	50
Tramways	42	84.0	23	46.0	50
Baths	49	98.0	48	96.0	50
Markets	44	88.0	50	100.0	50
Slaughter Houses	23	46.0	43	86.0	50
Total and per cent total of 350*.....	262	74.86	304	86.86	350

*"Total Unit of 350" represents the possible number of utilities embraced under the heads given. For the two countries combined, the 100 cities show 566 out of a total of 700, or 80.85% of the utilities under public ownership.

Totals and per cents computed and added by C. K. Mohler.

(This report based on data available in 1915.)

The United States Census Report for 1912 gives for 56 American cities of 100,000 population or over, the following number of utilities under public ownership:

TABLE NO. 2

MUNICIPAL OWNERSHIP OF UTILITIES IN 56 LEADING AMERICAN CITIES

Kind of Utility or Enterprise—	Total Units Possible.	No. of Utilities Publicly Owned		Remarks.
		No.	Per Cent.	
Water Supply	56	49	87.5	
Gas Supply	56	1	1.8	Richmond, Va.
Electric Supply	56	7	12.5	
Total and % of total of 168....	168	57	33.93	

Of 139 additional American cities with a population of over thirty thousand and under one hundred thousand, the same source of information gives their public ownership of utilities as follows:

TABLE NO. 3

MUNICIPAL OWNERSHIP AND OPERATION OF UTILITIES IN 139 AMERICAN CITIES WITH A POPULATION OF OVER 30,000 AND UNDER 100,000

Kind of Utility or Enterprise—	Total Units Possible.	Number of Utilities Publicly Owned.	
		No.	Per Cent.
Water Supply	139	101	72.66
Gas Supply	139	4	2.88
Electric Supply	139	12	8.63
Total and % of total of 417.....	417	117	28.06

TABLE NO. 4

COMPARISON OF MUNICIPAL OWNERSHIP IN FIFTY OF THE LARGEST CITIES OF GREAT BRITAIN AND GERMANY AND FIFTY-SIX IN THE UNITED STATES

Country—	No. of Cities.	—Ownership of Three Leading Utilities— Water		Gas		Electric		Total		Inclusive Total.
		No.	P.C.	No.	P.C.	No.	P.C.	No.	P.C.	
Great Britain*	50	39	78.0	21	42.0	44	88.0	104	69.3	150
Germany	50	48	96.0	50	100.0	42	84.0	140	93.3	150
United States†	56	49	87.5	1	1.8	7	12.5	57	33.9	168
Total and % of 468..	156	136	87.2	72	46.1	93	59.6	301	64.3	468

*The small percentage of gas plants owned in Great Britain is on account of the early grants having been given in perpetuity, and now results in much difficulty and expense in a municipality taking over the utility.

†The showing for ownership of electrical plants in the United States is to a degree misleading, as a number of cities counted as having municipal ownership are in fact supplied almost wholly by private companies.

Examples—Los Angeles, Cleveland, Chicago, etc. Others are supplied in part from private plants, such as Pasadena.

Some of the American cities listed as having municipal water supplies are also supplied in part from privately owned plants, among which are Los Angeles, San Francisco, Pittsburg, New York, etc.

Of the 195 American cities above considered only two (Holyoke, Mass., and Hamilton, Ohio) own all three supplies, water, gas and electricity. Of the 19

owning their electric plants, all own their water supply except one (Joplin, Missouri).

After considering the relative number of utilities owned by European and American cities, it will be interesting to compare the bonded indebtedness for productive and non-productive undertakings, incurred by seven German and a like number of American cities of about the same relative size. To again quote from Howe's "European Cities at Work," after making computations to obtain the per capita indebtedness in each city and the totals of population and debt and per cents of total debts, we get the following tabulation (see table No. 5):

For general information and comparison the bonded indebtedness of Los Angeles was compiled and the per capita amount for different purposes computed (see table No. 6):

TABLE NO. 5

BONDED DEBT FOR REVENUE AND NON-REVENUE PRODUCING UNDERTAKINGS IN VARIOUS CITIES OF THE UNITED STATES AND GERMANY

City—	Population	—Total Debt— Aggregate.	Per Capita.	—Productive— Aggregate.	Per Capita.	—Non-Productive— Aggregate.	Per Capita.
German Cities							
Berlin	2,001,032	$99,254,000	$49.60	$64,767,000	$32.37	$34,512,000	$17.25
Elberfeld	168,000	13,595,000	80.92	7,252,000	43.16	6,392,600	38.05
Solingen	50,961	3,285,000	64.46	2,257,000	44.29	1,029,000	20.19
Halle	176,798	9,500,000	53.73	2,877,000	16.27	4,612,000	26.08
Magdeburg	247,358	15,005,000	60.66	7,775,000	31.43	7,503,900	30.34
Remsheid	69,700	3,930,000	56.38	2,790,000	40.03	1,147,000	16.46
Dusseldorf	284,439	28,585,000	100.50	22,260,000	78.26	6,327,000	22.24
Total†	2,998.288	$171,501,500	$57.20	$109,978,000	$36.68	$61,523,500	$20.52
Percentage of total debt				64.12%		35.88%	
Cities of the United States							
Philadelphia	1,526,383	$99,355,026	$65.09	$30,776,642	$20.16	$68,578,384	$44.93
Cleveland	538,374	37,304,908	69.30	5,613,684	10.43	31,691,224	58.86
Minneapolis	294,330	14,927,202	50.72	1,933,424	6.57	12,992,424	44.14
Indianapolis	228,690	4,790,401	20.95	22,000	.96	4,768,401	20.85
Denver	207,112	5,814,419	28.07	329,200	15.89	5,485,219	26.48
Omaha	122,187	8,598,997	70.38	.....	.....	.....	.....
Grand Rapids	110,060	3,148,612	28.61	1,137,500	10.33	2,047,112	18.60
Total	3,037,136	$165,376,568	$54.45	$39,812,450	$13.11	$125,564,118	$41.34
Percents of total debt				24.07%		75.93%	

Note—†Total of column three does not agree with that obtained from columns five and seven. Percentages are computed from columns five and seven totals.

TABLE NO. 5a

DETAILS OF LOS ANGELES CITY AND (COUNTY ROAD BONDS)

Los Angeles§	500,000*	$50,682,038	$101.36	$38,885,850	$77.77	$11,796,188	$23.59
L. A. County‡	700,000*	2,428,570	4.86	.....	.....	2,428,570	4.86
Electric (unsold)		2,054,000	4.11	2,054,000	4.11	.....	.....
Total	.....	$55,164,608	$110.33	$40,939,850	$81.88	$14,224,758	$28.45
Total less unsold electric†	.....	53,110,608	106.22	38,885,850	77.77	14,224,758	28.45

*Estimated population.

§See table number six for detail of Los Angeles bonds.

‡The amount of County bonds shown is 5/7 of the total road bond issue of $3,400,000, approximately the city's proportion.

†March 1, 1915. Note: Headings of Table 5 also cover 5a.

TABLE NO 6

BONDED INDEBTEDNESS FOR CITY OF LOS ANGELES, COMPRISED OF CITY ISSUES, L. A. CITY SCHOOL DISTRICTS, AND CITY'S PROPORTION OF COUNTY ROAD BONDS, ON MARCH 1, 1916

(Data Furnished by City and County Auditors, March 28, 1916.)

Issued for—	Bond Debt— Aggregate.	Per Capita.
Non-Revenue Producing		
City, Miscellaneous	$ 2,406,988	$ 4.81
L. A. City School District	9,389,200	18.78
L. A. County Road Bonds*	2,428,570	4.86
Total	$14,224.758	$28.45

*5/7 of $3,400,000, City's proportion.

Revenue Producing		
City Water and Aqueduct	$25,869,850	$51.74
City Electric Plant†	7,946,000	15.89
City Harbor	5,070,000	10.14
Total	$38,885,850	$77.77

†$2,054,000 yet to be sold.

Add Electric to be sold gives total Electric	10,000,000	20.00
City total	$40,939,850	$81.88
Combined Revenue and Non-Revenue Producing		
L. A. City School District	$ 9,389,200	$18.78
L. A. County Road Bonds	2,428,570	4.86
City total issue	43,346,938	86.69
Total of all issues	$55,164,608	$110.33

GENERAL SUMMARY OF MUNICIPAL OWNERSHIP IN GREAT BRITAIN, GERMANY AND THE UNITED STATES

A glance at Tables Nos. 1, 2, 3 and 4 will show to what extent British and German cities have surpassed those of the United States in establishing and conducting municipal undertakings.

Regardless of criticism and attacks directed at municipal ownership of utility undertakings, it can be only a matter of time until all service of this nature is taken over by the governing agencies. The results obtained in the larger cities of Great Britain and Germany have been so generally and eminently satisfactory that a return to private ownership is never advocaetd. The ownership of water supplies in American cities is universally accepted as correct and sound in principle and wholly desirable. Of the cities having over an hundred thousand population seven-eights of them now own their water supplies, and none are returning to private ownership. On the contrary, some cities are spending large amounts to secure or extend municipal supplies. San Francisco and San Diego may be noted in this particular.

In contrast to the showing for water supply ownership, note the fact that all or 100% of the gas supplies in the fifty largest German cities are publicly owned. The showing for the largest American cities is only one out of fifty-six, or 1.8%.

In many respects the business of supplying gas is not materially different from that of supplying water. This is especially true of natural gas. It is hard to understand why no more has been done by American cities in taking over or establishing their own gas supplies. Possibly it is for the lack of a few good examples to begin with and the development of popular policy along that line. For good examples in this, as well as in many other things we may look to European cities.

Again referring to Table No. 1, we see to what extent European cities have made progress in the ownership of their water, gas and electric supplies, street railways, baths, markets and slaughter houses. American cities show advance progress for their ownership of water supply only.

Philadelphia owned its own gas works and operated them up to about fifteen years ago, when they were leased to private parties by the notorious gangsters of that municipality.

MUNICIPAL OWNERSHIP IN LOS ANGELES

In 1901, bonds were voted by the city in the amount of $2,000,000 for taking over the Los Angeles City Water Company property. In 1904, $337,000 bonds were voted and the West Side Water Company and the West Los Angeles Water Company properties were taken over by the city. In the same year, $150,000 of bonds were also issued for constructing Silver Lake Reservoir.

How many private water companies were still in existence at that time is not definitely known. In 1910, and up to 1914, there were still eighteen private companies giving service. The city has been buying up these private companies, from time to time, until there are now ten furnishing service inside the city limits. Most of these concerns were and are small with few customers. Their rates were and are invariably high and in some cases the service extremely bad and the quality of water poor. Their origin was generally inspired through real estate speculation.

Water Service

The rates for water at the time the first plant was taken over by the city were nearly three times what they have been most of the time since. The old rates and reductions were as follows (shown in Table No. 6a.):

TABLE NO. 6a

WATER RATES, LOS ANGELES MUNICIPAL PLANT 1902—1916

Under Ownership of—	Date Month.	Date Year.	Rates and Amounts: Per 100 Cu. Ft.	Minimum Mon'ly Bill.	Covering Amt.Cu.Ft.
Company	....	....	20c	$1.50	*800?
City	Feb.	1902	15 to 10.2	1.50	1100?
City	June	1902	15 to 10.2	1.00	1100?
City	Oct.	1902	7c	1.00	1100
City	Oct.	1907	7c	.75	1100

Since the date of the report the minimum monthly bill has been reduced to $0.50.

*REMARKS—Over 2000 cubic feet, 15c.

The value of the Los Angeles City Water Company plant at the time it was acquired by the city was placed by different appraisers at from $1,250,000 to over $4,000,000. The appraisal on which negotiations were finally based was $1,800,000. The purchase price was $2,000,000. If the base valuation was correct then the city paid $200,000 or 11.1 per cent more than the property was worth. Even so, it is generally conceded a wise move to make the purchase.

The city ownership has been entirely satisfactory. Worthless sheet iron pipe has been replaced with standard cast iron and hundreds of miles of extensions made. To an $1,800,000 plant additions were made in 13 years increasing its value to nearly $11,000,000. This accomplished under the reduced rates above shown; and fixed charges for original purchases carried. Net profit earned in 1915 over $400,000. The Water Department up to and including 1915 did not carry the aqueduct fixed charges.

In 1905, the first bond issue of $1,500,000 was authorized for preliminary

work on the aqueduct. Since then large amounts of bonds have been voted for the construction of the aqueduct and in addition for power development along the aqueduct, and for building a harbor at San Pedro.

The aggregate amounts of the bond issues for these and other purposes are given in Table No. 6. It is not the purpose to discuss the harbor in this report, other than to remark that generally the ownership and control by a municipality over its harbor facilities is essentially desirable.

Bonded Debt, Earnings, Etc.

In comparing the bonded indebtedness of seven other American and a like number of German cities, as shown in Table No. 5, it will be seen that the Los Angeles people have been optimistic of the future. In only one other city shown, Dusseldorf, does the per capita indebtedness approach that of Los Angeles, $100.50 and $110.33 respectively. The amount of the per capita debt, represented by revenue producing utility bonds, is for, Dusseldorf $78.26, Los Angeles $81.88.

In addition to the bond issues above referred to, the city constructed the municipal railway on San Pedro street from Aliso to Ninth street, at a cost of a little over $248,350. This has been leased to the Pacific Electric Railway for a term of seven years. For the use of the track the railway company pays the city annually 5 per cent of the cost of construction, plus $1200. As nothing was included in the contract for depreciation the city suffers a loss of from twenty to twenty-five thousand dollars a year (based on a ten to twelve year life of track).

The total issue of bonds designated as revenue producing is $40,939,850 or as previously stated $81.88 per capita. Add to this the possible loss of $240,000 on the contract with Pacific Electric Railway for the use of the San Pedro street line and we get $41,187,850, or $82.37 per capita.

Without any revenue returns from any of these enterprises the annual tax levy per capita must provide for: Interest, about $3.70; sinking funds, about $2.00. This gives a per capita total of about $5.70 or a gross total of about $2,850,000 for the entire city.

The net earnings of the water department for 1915 was $410,000. None of this, however, has been taken to apply to the interest and sinking fund of the aqueduct and water bonds, which in 1914-15 amounted to about $1,820,000 and was all paid out of the annual tax levy, except $128,940. The interest and sinking fund for harbor bonds was $368,150. The net earnings of the Harbor Department above operating expenses was $40,000. That left a balance of $328,150 to be taken care of by taxation. (Since the above was written the data for 1915-16 has become available. The Water Department paid in about the same as the year previous. The Harbor Department turned in no revenue to the treasury).

FUTURE MUNICIPAL OWNERSHIP IN LOS ANGELES

This subject will be considered under four divisions: First—Transportation or street railways. Second—Water supply. Third—Gas supply. Fourth—Electric supply. It is not the intention to go fully into the street railway and transportation and water questions in this report. (The telephone and telegraph properly belong to the Federal Postal Service.)

1. THE MUNICIPAL RAILWAY, ETC.

The city has the right to terminate the contract with the Pacific Electric Railway on one year's notice. In view of the manifest inequity and injustice of the contract to the tax-payers, we believe the city is fully justified in undertaking to serve notice on the company that the present contract will be terminated and a new one required on terms that will insure the city against any such loss as it now sustains of from $20,000 to $25,000 a year.

A practical move toward municipal ownership may be accomplished by the city making necessary extensions of transportation lines, building tunnels, etc., and leasing the operating rights for adequate rentals, until such time as the municipality is ready to undertake railway and transportation operation.

The Harbor Department has made substantial and commendable progress toward establishing rail lines to serve the harbor. This work should be continued and the policy established of the city ultimately owning or controlling

all rail and water terminals, together with marketing facilities within the city limits.

2. WATER SUPPLY

The aqueduct water was brought into the San Fernando Valley over two years ago. Up to the present we have made little use of it and are securing only small returns.

This water is intended primarily for "future domestic supply." The present immediate use of the major portion can be devoted only in the main to irrigation purposes as "surplus."

Table No. 6 shows the total outstanding bond issue for water to be $25,869,850 or $51.74 per capita. The major portion of these bonds are of the 40-year series, with from one-thirty-fourth to one-fortieth of the series retired each year through the redemption or sinking funds. At the present time the annual per capita sinking fund amounts to about $1.66. The per capita interest is about $2.33. Total annual charge per capita to carry the aqueduct $3.99. The average monthly water bill per meter in the city at the preesnt time is from $1.50 to $1.60. It is estimated by the Bureau of Water Supply that one meter serves on the average five persons. From an average monthly bill of $1.55 we get the total average annual bill of $18.60. Reduced to the per capita basis gives $3.72. If we now add to the per capita meter rate of $3.72 the aqueduct bond interest and sinking fund of $3.99 we get a total annual per capita water rate of $7.71.

If at the present time the cost of the water service, including fixed charges on the city's aqueduct or future water supply, were taken care of by the the rates, instead of in part by the tax levy, they would have to be increased to over double those now charged, or to about $38.55 as the annual bill. This means that the city could not afford to tax itself and sell water to territory outside the city boundary at the same rate that it is now selling inside. It may be remarked that reports from other cities show rates as high as 26¼c and as low as 3c per 100 cubic feet, as compared to the approxiamte 14½c rate indicated above necessary to make the Los Angeles system self-supporting. With the aqueduct water in service, enough revenue should be derived to care for the interest and sinking funds of the bonds, as well as to make necessary extensions and return a profit.

An average meter bill per annum of $18.60, at 7c per 100 cubic feet indicates a consumption of 26,571 cubic feet per meter. That amount at the prevailing rate for most outside cities of 15c per 100 cubic feet amounts to $39.86. The present city charge of $18.60 plus interest and sinking fund of $19.95 amounts to $38.55 or a saving of $1.31 per meter, or (five people per meter) to $0.26 per capita per annum. As the bonds are redeemed and the interest charges gradually reduced the net saving per capita gradually increases, until the end of the last bond period when both interest and sinking fund charges disappear.

From the fact that all real property within the city limits shares in the potential benefits of the large assured future water supply, the annual direct tax levy for interest and sinking fund on the aqueduct bonds may be considered equitable. Present water users should not be made to pay for the benefits to land not in use.

In the committee's estimation the city should lose no time in perfecting arrangements whereby the widest distribution of water can be secured, on an equitable basis, to those desiring its use.

3. GAS SUPPLY

Tables Nos. 2 and 3 show that only five out of 195, or 2.56% of the largest American cities own their own gas supply. Supplying gas, as before stated, is not very different from supplying water. In fact, the equipment for supplying natural gas is almost identical with that for water service. The service is rendered principally through the use of machinery and pipe conduits, the number of persons employed being relatively small.

Los Angeles has been carrying on a gas supply and rate controversy extending something over three years, and no definite settlement is yet in sight. Controversies of this nature are not peculiar to Los Angeles.

About 76% of the gas supply for Los Angeles is furnished by the Los Angeles Gas and Electric Corporation. Generally the price of gas in Los Angeles has been based on the equipment and service of this concern. It has also been the center of the controversy over rates and service.

The corporation's sales of gas for 1915 were 3,826,282 thousand cubic feet, of mixed half-and-half artificial and natural, at 68c per thousand. The price for natural gas in other cities of the United States is from 27 to 40c or an average for three different cities of 32.3 cents. There appears to be more than ample natural gas available to serve the needs of Los Angeles. An increase of 20% in the average price for natural gas in other cities gives less than 39c per 1000 cubic feet.

The total depreciated value of the gas equipment of the Los Angeles Gas and Electric Corporation, as determined by the State Railroad Commission is $10,747,000. The total amount of outstanding bonds of the corporation is about $8,225,000, bearing 5% interest.

It may be fairly assumed that the prices for natural gas in other cities have generally been established by the companies furnishing the service. If such is the case the presumption is natural that they have allowed themselves a fair profit. As above stated, an addition of 20% to the average price for other cities gives less than 39 cents per 1000 cubic feet. In taking over the major portion of the water service, the city was able to reduce rates to from one-half to one-third of that charged by the private companies. If that is any criterion, it may be fair to assume that if the natural gas service were carried on at the least possible cost without profit, that the rate could be reduced to about 38c per 1000 cubic feet, approximately 44% less than the present rate, and 20% higher than the average paid by other cities. A saving of 30c per 1000 cubic feet on 3,826,282 thousand cubic feet amounts to $1,147,885 annually.

The Los Angeles Gas & Electric Corporation, according to reports of the recent hearing before the State Railroad Commission, claims it is entitled to returns of 8% on a valuation of $14,000,000 or $1,120,000 annually. This is about $600,000 above the normal interest charges on the valuation fixed by the Railroad Commission. We have not had the time or facilities to undertake an exhaustive investigation and analysis, but from such study as we have made there seems a fair presumption that from $500,000 to $1,000,000 could be saved annually to the gas consumers of the city through the acquisition of this one concern.

4. ELECTRIC SUPPLY

Again referring to Tables 2 and 3, we find that of the 195 largest American cities there considered only 19, or 9.7%, own electric plants. Of these same cities 150, of 77%, own water supplies.

It is not necessary to recount the steps already taken by the City of Los Angeles to establish a municipal electrical power service.

Tables 7 and 8 give in kilowats and the per cents of the whole for all power concerns now serving Los Angeles and vicinity together with the units being established and proposed by the city as part of the aqueduct project. Item one of Table 8 shows that the city's present development is 28,125 out of a total of 315,225 K. W., or 8.9%. Item three of Table No. 8 gives future city development as 126,820 out of a total of 413,920 K. W. for all or 30.6%. Even with the total future development proposed by the city it does not appear that a large enough percentage will be under municipal control. The above totals are for all of Southern California. The present requirement within the city is about 50,000 K. W.

In connection with the requirement the city has ahead, of establishing a distributing system we believe the move might very well be considered of taking over the entire electric equipment and plants of both the Los Angeles Gas and Electric Corporation and the Southern California Edison Company. Item one of Table No. 7 gives the combined capacity of the "city present" and all others as 315,225 K. W. Item three gives city's future combined with all others 413,920 K.W. Deduct the Pacific Light and Power from each and the suggested combination stands: For city present 135,775 K. W., or 43.7% of the total; for city future 234,470 K. W., or 56.6% of the total. As the greater portion of the output of the Pacific Light and Power Corporation equipment is serving railway purposes, the city would gain a fair control of the municipal requirement through the suggested combination as indicated by the above per cents.

Out of 120,712 customers the Los Angeles Gas and Electric Corporation now serves 39,619, or 32.8%, and the Southern California Edison Company 53,189, or 44%. These combined give a total of 92,806, or 77%.

For the city to duplicate the existing distributing systems will entail a large degree of economic waste. On the other hand to take over the distributing systems of the present companies and deprive them of customers for their products will call for more or less severance damages.

In view of the facts just stated we believe the city will be fully justified in undertaking as before suggested, to acquire all of the electric equipment of the two companies above considered.

It must be remembered that if the city depends on the aqueduct alone as a source of power, it will have as competitors in the field the three present companies, completely tied in with each other (with lines and substations within the city at least) and having many sources of supply, both steam and hydro-electric.

TABLE NO. 7

RATED CAPACITY IN KILOWATTS OF ELECTRIC POWER CONCERNS IN LOS ANGELES AND VICINITY

OWNED BY AND COMBINATION GROUPS OF	—Capacity in Units and Per Cents— —Current Developed by—				
		—Water—		—Steam—	
	Total.	K. W.	P. C. of Whole.	K. W.	P. C. of Whole.
1. Southern California Edison Company..	89,850	31,875	35.5	57,975	64.5
Los Angeles Gas & Electric Corporation	17,800	.....	...	17,800	100.0
Pacific Light & Power Corporation.....	179,450	132,650	73.9	46,800	26.1
City of Los Angeles, Plant No. 1 (present)	28,125	28,125	100.0	.....	...
Total	315,225	192,650	61.1	122,575	38.9
2. Total private companies.....	287,100	164,525	57.3	122,575	42.7
City of L. A. Plants 1 & 2 (full develop)	84,750	84,750	100.0	.....	...
Total Private Cos. & City (full develop)	371,850	249,275	67.0	122,575	33.0
3. City total future development.....	126,820	126,820	100.0	.....	...
Private companies total.....	287,100	164,525	57.3	122,575	42.7
Total City Future & Private Cos...	413,920	291,345	70.4	122,575	29.6
4. L. A. Gas and Elec. & So. Cal. Edison Co. Total.....	107,650	31,875	29.6	75,775	70.4
City of L. A. No. 1 (present development)	28,125	28,125	100.0	.....	...
Total L. A. Gas & El. & S. C. Edison & City	135,775	60,000	44.2	75,775	55.8
5. City Plants Nos. 1 & 2 (full development) and L. A. Gas & Elec. Co. & So. Cal. Edison Co.....	192,400	116,625	60.6	75,775	39.4
6. City Plant No. 1 (present) & S. C. Edison Co.	117,975	60,000	50.8	57,975	49.2
7. City Plant No. 1 (present) & L. A. Gas & El.	45,925	28,125	61.2	17,800	38.8
8. City Plants 1 & 2 (full development) & S. C. Edison Co.	174,600	116,625	66.8	57,975	33.2
9. City Plants 1 & 2 (full development) & L. A. Gas & Elec.	102,550	84,750	82.6	17,800	17.4
10. City Total (future) & S. C. Edison & L. A. Gas.....	234,470	158,695	67.7	75,775	32.3
11. City Total (future) & Sou. Cal. Edison Co.	216,670	158,695	73.2	57,975	26.8
12. City Total (future) & L. A. Gas & Elec. Co.	144,620	126,820	87.7	17,800	12.3

TABLE NO. 8

ELECTRIC POWER DEVELOPMENT IN LOS ANGELES AND VICINITY, TOTAL AND COMPARATIVE AMOUNTS OF COMBINED PRODUCTION

GROUP COMPOSED OF	—Amount in K. W. and Per Cents—				
		—City—		—Companies—	
	Total K. W.	K. W.	P. C. of Total.	K. W.	P. C. of Total.
1. City Plant No. 1 (present), S. C. Edison Co., L. A. Gas & Elec. Co. & Pacific Light & Power Corp.....	315,225	28,125	8.9	287,100	91.1
2. City Plants 1 & 2 (full development), S. C. Edison, L. A. Gas, & P. L. & P. Co.	371,850	84,750	22.8	287,100	77.2
3. City Total Future, Edison Co., L. A. Gas & El., & P. L. & P. Co.....	413,920	126,820	30.6	287,100	69.4
4. City Plant No. 1 (present), Edison Co., & L. A. Gas & Elec. Co.....	135,775	28,125	20.7	107,650	79.3
5. City Plants 1 & 2 (full development) & Edison Co., & L. A. Gas & Elec. Co..	192,400	84,750	44.0	107,650	56.0
6. City Plant No. 1 (present) & Edison Co.	117,975	28,125	23.9	89,850	76.1
7. City Plant No. 1 (present) & L. G. Gas & Elec. Co.....	45,925	28,125	61.2	17,800	38.8
8. City Plants 1 & 2 (full development) & Edison Co.	174,600	84,750	48.5	89,850	51.5
9. City Plants 1 & 2 (full development) & L. A. Gas & Elec. Co.....	102,550	84,750	82.6	17,800	17.4
10. City Total Future, Edison Co., & L. A. Gas & Elec. Corp.....	234,470	126,820	54.1	107,650	45.9
11. City Total Future & So. Cal. Edison Co.	216,670	126,820	48.5	89,850	51.5
12. City Total Future & L. A. Gas & Elec. Co.	144,620	126,820	87.7	17,800	12.3

REMARKS—Group numbers correspond to those in Table No. 7 and are intended for convenience in comparison.

It may be objected that much of the generating equipment of the companies is antiquated and inefficient. That is undoubtedly true. If purchased, however, it should be estimated and paid for only as such. The inefficiency of a certain portion of an equipment which is maintained only to bridge over temporary breakdowns or for taking care of part of the peak load for a short period is of no serious disadvantage.

The depreciated value of the electric equipment of the Los Angeles Gas and Electric Corporation is probably between four and five million dollars. The depreciated physical value of the Southern California Edison Company equipment is probably somewhere between $18,000,000 and $20,000,000. If obsolesence of antiquated machinery is taken fully into account the value for the equipment of either of these companies may be even less than the figures indicated. We have no exact figures for the value of either company's property or plants. All of the property of both companies outside as well as inside the city limits, is considered.

At the recent hearing before the State Railroad Commission one witness claimed that the value of the Southern California Edison Company's plant and business was $37,631,000. Another witness claimed that a return of 8½% on the investment was insufficient. The company has in the neighborhood of $17,000,000 5% bonds outstanding. The difference between high returns on a high valuation, and the same business conducted without profit will amount to nearly two million and a half dollars a year for this property alone.

The bonded debt of the Los Angeles Gas and Electric Corporation is given in the discussion on gas (covering gas and electric property) as $8,225,000.

MAGNITUDE OF THE SUGGESTED UNDERTAKING

The total value of the two electric plants and the gas plant is probably somewhere between thirty-three and thirty-six million dollars.

A proposal for the city to acquire any or all of these properties will probably be met at once with the objection that the city is already overburdened with bond issues of the revenue-producing type. That is true to a degree. As indicated previously, however, we must adopt a policy to secure larger returns on the money already invested.

It should be understood that the properties proposed to be taken over are going concerns and are not only paying their way but returning a good profit to their owners. It is for the purpose of saving this profit to the consumers that the proposal is made for undertaking municipal ownership.

The City Charter, Section 2, subdivision (7) (A) (B) and (C) and Section 192, subdivision (2), contains provisions for taking over public utility enterprises. These provisions seem to be adequate and equitable. We have legal opinion, stating the belief that the charter provisions and the state law are adequate for taking over the properties by condemnation if necessary, both inside and outside the city limits. We need not be timid about the size of our enterprises when we undertake them honestly and with intelligence.

Let us state the case very plainly. If the city owned these utilities at the present time we should be saving from one to two million dollars annually to the consumers which now goes to the owners in profits. Not profits alone are to be considered. The removal of that amount of utility value from the field of political activity and pressure is one of the most important objects to accomplish through municipal ownership.

Our American cities have too long been run in the interests of the utility corporations and public work contractors. We continually hear the charge of inefficiency in municipal administration and corruption and graft in the public service. These very evils, however, are chargeable mostly to the pernicious influences just mentioned, together with other selfish interests.

America's democracy as exemplified in our cities must and will make good. Let us therefore take the lead, in so far as we may, in accomplishing this end, and give earnest consideration and effort to one of the most important factors in the accomplishment of this purpose, namely, the intelligent extension of municipal ownership of public utilities.

CITY CLUB COMMITTEE ON MUNICIPAL OWNERSHIP

Report approved September 27, 1916, by the committee and recommended to the Board of Governors for publication:

NOTE—Since the above date some additional data has been obtained and several revisions made.

(Signed)

MARTIN BEKINS.
RALPH BENNETT.
H. STANLEY BENEDICT.
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CHARLES K. MOHLER,
Chairman.

Ordered printed by the Club June 30, 1917.

SUPPLEMENTAL REPORT ON THE EXTENSION OF PUBLIC OWNERSHIP OF PUBLIC UTILITIES

In September, 1916, the committee submitted a report giving a general survey of the ownership of public utilities in the United States, Great Britain and Germany, together with the accomplishments of Los Angeles in municipal ownership up to that time, and certain recommendations for future acquisitions and extensions.

Many complains are heard about the high cost of living, excessive taxes, inefficiency and graft in public service, and others of a like nature. In this connection it may be of interest and value to show roughly the actual as well as the relative value of property devoted to utility service and the cost of the service of different kinds rendered by the different governing agencies and the various privately owned utility concerns.

The constant and rapid concentration of population in large centers, the invention, adoption and extensive use of new utility appliances, as well as the constantly growing expense of "service" administration, caused by the necessary adoption and extension of new, scientific and highly technical functions for the general good of the community life and interest, calls for a fairly comprehensive view and understanding of the actual and relative costs of different kinds of community service. As far as the committee is able to judge, the general public has very little actual or comparative information, in convenient form, on these important lines.

The original report may very well be supplemented by data showing:

First—The approximate value of property owned by the governing agencies (when it can be given) devoted to public use; the value of municipal or public property created, or carried out under private contract; and the value of utility concerns under private ownership, rendering public service in the community or municipality.

Second—The actual and relative annual cost of: Service rendered to the public by publicly owned and operated institutions; public work done under private contract; and utility service rendered by concerns under private ownership.

Third—The incentives for political activity and participation in governmental affairs by the private interests engaged in contract work as well as those in utility service, and the need for extending public ownership of public service utilities.

Such information as was obtainable, with a reasonable amount of work and research, is given in tabular form, showing the gross or total, the per capita, and the city's portion, together with the per cents for each item. Full and complete information on all lines was not obtainable.

1ST. APPROXIMATE VALUE OF **PROPERTY** DEVOTED TO PUBLIC SERVICE

(a) "Public Service" Property Under Public Ownership

TABLE NO. 1

(1) NON-REVENUE PRODUCING MUNICIPAL PROPERTY. (CITY AUDITOR'S REPORT, 1915.)

Classification or Use of Property—	Property Values— Total.	Per Capita.	Per Cents.
General Government	$1,722,311	3.44	5.01
Public Safety	1,722,086	3.44	5.00
Health and Sanitation* (Sewers, etc.)	6,255,976	12.51	18.20
Communication Avenues (Highways, etc.)	1,842,549	3.68	5.36
Education† (Library $459,803, Schools $11,540,000)	12,000,000	24.00	34.93
Recreation (Parks, Playgrounds)	10,730,089	21.46	31.22
Charities and Corrections	3,481	.01	.02
Miscellaneous	90,082	.18	.26
Total‡	$34,366,574	68.72	100

*Including Health Department.
†Estimated from School Auditor's Report, 1916.
‡Items given in Detail in Auditor's Report.

TABLE NO. 2

(2) NON-REVENUE PRODUCING COUNTY PROPERTY. (COUNTY AUDITOR'S REPORT, 1915.)

Classification or Use of Property—	Property Values— Entire County.	Per Capita.	City Portion.	Per Cent.
General Government	$3,015,798	$4.31	$2,155,000	39.32
Public Safety	63,532	.09	45,000	.83
Health Conservation	253	...	.....	
Communication Avs. (Highways, Bridges)	1,306,838	1.87	935,000	17.04
Education (Libraries, Schools, etc.)	168,603	.24	120,000	2.20
Recreation	322,712	.46	230,000	4.21
Charities and Corrections	2,418,038	3.45	1,725,000	31.53
Miscellaneous	373,591	.53	265,000	4.87
Total	$7,669,365	$10.96	$5,480,000	100

Note—A comparison of tables 1 and 2 shows an apparent difference in classification of property devoted to similar uses. See "Public Safety" and "Charities and Corrections."

TABLE NO. 3

REVENUE PRODUCING MUNICIPAL PROPERTY (AUDITOR'S REPORT, 1915)

Classification or Use of Property—	Property Values— Total	Per Capita	Per Cent	Remarks
Water Department and Aqueduct	$37,849,187	$75.70	87.16	
Electric Plant	3,732,257	7.47	8.60	
Harbors and Markets*	1,842,260	3.68	4.24	Markets $4,302
Total	$43,423,704	$86.85	100	

*The full value of the Harbor property is not given. It undoubtedly amounts to several million dollars more than given above.

TABLE NO. 4

MUNICIPAL PROPERTY SUBJECT TO PRIVATELY OWNED PUBLIC UTILITY USE, THROUGH FRANCHISE GRANTS

Classification or Use of Property—	Property Values— Total.	Per Capita.	Per Cent.
Streets and Public Ways (Land)	$112,875,000	$225.75	81.64
Streets and Public Ways (Pavement and Improvement)	25,391,605	50.78	18.36
Total	$138,266,605	$276.53	100

(b) Public Service Utility Property, Under Private Ownership.

TABLE NO. 5

LOCAL SERVICE UTILITIES

Service and Name of Company or Corporation—	Property Values— Total or City Portion.	Per Capita.	Per Cent.	Remarks
Transportation,				
Los Angeles Railway[1]	$23,500,000	$47.00	16.74	Includes City Railway.
Pacific Electric Railway[1]	37,685,000	75.37	26.84	Total $56,528,000.
Telephone, Two Companies[2]	14,000,000	28.00	9.97	
Electric, So. Calif. Edison Co.[2]	19,000,000	38.00	13.53	
Electric, Pacific Lt. & Pow. Cor.[2]	29,000,000	58.00	20.65	
Electric, Gas, { Los Angeles Gas & Electric Cor.[2]	14,000,000	28.00	9.97	
Gas, Economic Gas Co.[3]	1,803,000	3.60	1.28	
Gas, Southern Counties Gas Co.[3]	1,439,000	2.88	1.02	
Total	$140,427,000	$280.85	100	

Remarks—The "Property Values" are only approximate, and are based on: [1]Outstanding bonds; [2]actual valuation or estimate; [3]outstanding stocks and bonds. The per capita amount for Pacific Electric Railway was obtained by dividing the total outstanding bond issue of $56,528,000 by 750,000, the approximate population served.

TABLE NO 6

INTERSTATE SERVICE UTILITIES

Service and Name of Company or Corporation—	Property Values— Total.	Per Capita.	Per Cent.
Telegraph, Western Union (1) (2)	$128,423,727	$ 1.28	7.15
Telegraph, Postal Tel. & Cable Co. (1) (2)	111,380,400	1.11	6.22
Express, American Express Co. (1) (3)	18,000,000	.84	1.00
Express, Wells-Fargo Express Co. (1) (3)	23,967,400		1.33
Railway, Los Angeles & Salt Lake Ry. (1) (4)	81,824,000)		(4.55
Railway, Atchison, Topeka & Santa Fe Ry. (1) (4)	627,449,275)	207.69	(34.94
Railway, Southern Pacific Co. (1) (4)	804,619,416)		(44.81
Total	$1,795,664,218	210.92	100

Remarks:

(1) Total par value of outstanding stocks and bonds.

(2) This service covers nearly the entire country and the per capita amount is for the total population.

(3) These two express companies do about fifty per cent of the total business of the country, or in other words, serve about half of the population. On that basis the per capita share of their value is about $0.84. The total for Los Angeles is $420,000.

(4) The per capita value of $207.69 is that of the par value of all outstanding stocks and bonds of all roads in the United States divided by the entire population. For the major portion, the market value is at or a little below par. The market value is probably not far from $1,758,000,000 for the three railways.

The total par value of all outstanding railway securities amounts to:

Stocks ...$ 8,635,835,000
Bonds ... 12,133,064,000
Total.....$20,768,899,000 ÷ 100,000,000 = $207.69 = per capita portion.

The above per capita amount apportioned according to population gives for Los Angeles a total of $103,845,000.

The total mileage of the three interstate railways reaching and serving Los Angeles is 23,507 miles, amounting to 9.2% of the entire amount for the country.

In view of the foregoing, table No. 6 may very well be rewritten in the following form:

TABLE NO. 7

VALUE OF INTERSTATE SERVICE UTILITIES PROPERTY (SUMMARY)

Kind of Service—	Property Values— Total Combined Systems.	Per Capita.	Credited to City of L. A.	Per Cent.
Telegraph (Two Companies)[1]	$ 239,804,100	$ 2.40	$ 1,200,000	1.13
Express (Two Companies)[2]	41,967,400	.84	420,000	.39
Railway (Three Companies)[3]	1,513,892,700	207.69	103,845,000	98.48
Total	$1,795,664,200	$210.93	$105,465,000	100

[1]Per capita for entire population of the United States.
[2]Per capita for one-half of the entire population of the United States.
[3]Per capita, for value of all the railways of the United States divided by the entire population.

The value credited to Los Angeles, in each case, is obtained by multiplying the per capita amount by 500,000, the estimated population in 1915.

TABLE NO. 8

SUMMARY OF PROPERTY VALUES, DEVOTED OR APPORTIONED TO PUBLIC SERVICE IN LOS ANGELES, GROUPED UNDER REVENUE AND NON-REVENUE PRODUCING

Kind of Service and Ownership—	Property Values— Total, City or City Portion.	Per Capita.	Per Cents of Sub-Total.	Grand Total.
Non-Revenue Producing				
Municipal Property	$ 34,366,574	$ 68.73	19.29	7.35
County Property	5,480,000	10.96	3.08	1.17
Municipal Property, Subject to Franchise Grants (Streets, Etc.)	138,266,605	276.54	77.63	29.58
First Sub-Total	$178,113,179	$356.22	100	38.11
Revenue Producing				
Municipal Property	43,423,704	86.85	15.01	9.29
Private Property, Local Service	140,427,000	280.85	48.53	30.04
Private Property, Interstate Service	105,465,000	210.93	36.46	22.56
Second Sub-Total	$289,415,704	$578.63	100	61.89
Grand Total	467,428,883	834.85		100

TABLE NO. 9

SUMMARY OF PROPERTY VALUES, DEVOTED OR APPORTIONED TO PUBLIC SERVICE IN LOS ANGELES, GROUPED UNDER PUBLIC AND PRIVATE OWNERSHIP

Kind of Ownership and Service—	Property Values— Total, City or City Portion.	Per Capita.	Per Cent of Sub-Total.	Grand Total.
Publicly Owned Property				
Non-Revenue Producing, City	$ 34,366,574	$ 68.73	41.27	7.35
Non-Revenue Producing, County	5,480,000	10.96	6.58	1.17
Revenue Producing, City	43,423,704	86.85	52.15	9.29
First Sub-Total	$ 83,270,278	$166.54	100	17.81
			37.59	
Non-Revenue Producing, City, Subject to Privately Owned Utility Use, Through Franchise Grants (Streets, Etc.)	138,266,605	276.53	62.41	29.58
Second Sub-Total	$221,536,883	$443.07	100	47.40
Privately Owned Property				
Revenue Producing, Utility, Local	140,427,000	280.85	57.11	30.04
Revenue Producing, Utility, Interstate	105,465,000	210.93	42.89	22.56
Third Sub-Total	$245,892,000	$491.78	100	52.60
Grand Total	467,428,883	$934.85		100

An inspection of Table No. 9 shows that the total city owned property and the city's share of the county owned (omitting "Streets and Ways," subject to franchise grants), devoted to public service, amounts to $83,270,278. Of this amount a little over one-half or $43,423,704 is devoted to so-called revenue producing service. The greater portion of this, $37,849,187 or 87% is for water service.

The balance of the property credited to the city for utility service is under private ownership and amounts to $245,892,000.

Table No. 5 shows the total Pacific Electric Railway bond issue to be $56,528,000, or $18,843,000 more than credited to "City Service."

Table No. 7 shows the total value of outstanding securities of concerns rendering service to Los Angeles as $1,793,664,200, or $1,690,199,200 more than credited to "City Service." Together these "Outside Service" items amount to $1,709,042,200 which was not included in the city service of the tables. This added to the amount listed for "City Service" gives a total of $1,954,943,200, of private property ownership, "interested" in the city public utility service.

Table No. 4 shows the land value of "Streets and Public Ways" as $112,875,000 and the value of "Street Paving, Etc." at $25,391,605, or a total of $138,266,605. The property represented by this value is all subject to franchise rights for carrying on the city public utility service, under private ownership.

The value of public property subject to private ownership franchise rights added to the value of privately owned utility service property, gives a total of $2,093,200,805 values, subject to private ownership influence, back of "City Service."

In addition it should be noted that the $25,391,605, given as the value of "Paving," has been "Created" under private contract. The major portion of the item of $6,255,976 for "Health and Sanitation," as well as $12,000,000 of school property and other items of importance, are the creation of private contracts, or subject to real estate jobbing influences. The total of these items amounts to $43,647,581.

In 1915 the Harbor Department had work done under private contract amounting to $867,808, with an addition of $68,896 spent on street contract work.

Without farther comment on property values at this time we will now give consideration to the annual cost of different kinds of public service rendered by public and private ownership undertakings.

2ND. APPROXIMATE TOTAL, PER CAPITA AND COMPARATIVE, ANNUAL COST OF PUBLIC SERVICE

(a) Under Public Ownership.

TABLE NO. 10

(1) ANNUAL COST OF NON-REVENUE PRODUCING CITY SERVICE. (FROM U. S. CENSUS REPORT, 1915)

Kind of Service Rendered—	Cost of Service— Per Capita.	Total.	Per Cent.
General City Government	$3.00	$1,499,119	12.10
Public Safety	3.77	1,882,556	15.19
Public Health ($107,268) Sanitation ($675,871)	1.57	783,139	6.32
Avenues of Communication (Highways)	4.16	2,080,290	16.78
Education (Library $180,000, Schools $4,141,000)*	9.65	4,825,000	38.92
Recreation	.71	356,394	2.87
Charities	1.19	597,225	4.82
General and Miscellaneous	.74	371,743	3.00
Total	$24.79	$12,395,466	100

*Amount for schools estimated from School District Report.

TABLE NO 11

(2) NON-REVENUE PRODUCING COUNTY SERVICE. (AUDITOR'S REPORT, 1915)

Kind of Service Rendered—	Cost of Service— County Total.	Per Capita.	City Portion.	Per Cent.
General County Government	$1,614,338	$2.31	$1,155,000	18.36
Public Safety	381,825	.55	275,000	4.34
Conservation of Health	7,022	.01	5,000	.08
Avenues of Communication (Highways)	2,242,759	3.20	1,602,000	25.51
Recreation	119,210	.17	85,000	1.36
Charities	1,192,265	1.70	850,000	13.56
Miscellaneous	621,856	.89	445,000	7.07
Interest and Debt Redemption	1,096,773	1.57	785,000	12.48
Payments for Objects of Trust	366,697	.52	260,000	4.17
Investments Purchased	1,148,701	1.64	820,000	13.07
Total	$8,791,446	$12.56	$6,282,000	100

TABLE NO. 12

(3) ANNUAL COST OF REVENUE PRODUCING UTILITY SERVICE, CITY

Kind of Service—			Cost of Service— Per Capita.	Total.	Per Cent.
Water, Service[1]	$1,748,000	$3.49			
Water, Interest and Redemption	1,820,000	3.64	$7.13	$3,568,000	82.68
Electric, Interest and Redemption		.64	.64	319,300	7.40
Harbor, Service	60,361	.12			
Harbor, Interest and Redemption[2]	368,000	.73	.85	428,361	9.92
Total			$8.62	$4,315,661	100

Remarks:

[1]From 14th Annual Report of Public Service Commission, 1915.

[2]City Auditor's' Report, 1915.

While the amount shown for water service is less than estimated in the previous report, the estimated amount would be practically made up by the amount of service rendered by the private water companies.

See Table No. 13 and Remark (1). Table No. 19.

(b) Under Private Ownership.

TABLE NO. 13

(1) ANNUAL COST OF LOCAL UTILITY SERVICE

Kind of Service—	Annual Cost of Service— Per Capita.	Total for City of L. A.	Per Family.*	Per Cent.
Transportation, Local Street Railway	$16.20	$8,100,000	$81.00	32.30
Telephone, Local	13.04	6,518,964	65.19	25.99
Electric, Light and Power	12.52	6,258,000	62.58	24.95
Gas: Light, Heat and Power	8.21	4,106,503	41.06	16.38
Water (About 13,460 Consumers @ $7.08)[1]	.19	95,313	(35.40)	.38
Total	$50.16	$25,078,782		100

*A family unit is considered as made up of five persons.

Remarks:

[1]The per capita amount of $0.19 is based on the entire city population. The amount per capita for those actually served by the private water companies is $7.08 or $35.40 per family. These consumers also pay interest and sinking fund taxes on the aqueduct bonds, amounting to $3.64 per capita or $18.20 per family. Rates and taxes together give $10.72 per capita and $53.60 per family.

TABLE NO. 14

(2) ANNUAL COST OF INTERSTATE UTILITY SERVICE

Kind of Service—	Annual Cost of Service— Total for the United States.	Per Capita.	City of L. A. Portion.	Per Cent.
Transportation, Railway[1]	$3,500,000,000	$35.00	$17,500,000	91.96
Transportation, Express[2]	206,108,092	2.06	1,030,540	5.41
Telegraph and Long Dist. Telephone[3]	100,000,000	1.00	500,000	2.63
Total	$3,806,108,092	$38.06	$19,030,540	100

Remarks:

[1]United States total estimated from 1914 report.

[2]United States total estimated as twice the combined charges for transportation, of the American and Wells-Fargo Express Companies.

[3]Complete or exact data not available. Estimate probably too small.

(C) PUBLIC WORK CARRIED OUT UNDER PRIVATE CONTRACT DURING 1915

TABLE NO. 15

Kind or Class of Improvement—	Cost of Improvement— Separate Items.	Per Capita.	Total.	Per Cent.
Street Improvement,				
Vrooman Act	$4,216,857			
Hammon Act	187,834			
Harbor Fund	68,896	$8.94	$4,473,597	66.69
School Buildings, Equipment, Etc.				
Buildings	1,150,571			
Equipment	215,653	2.73	1,366,224	20.37
Harbor Improvements*		1.73	867,808	12.94
Total		$13.41	$6,707,629	100

Remarks:

*In addition to this amount $68,896 was included under "Street Improvements," making a total of $936,704 for Harbor Contract Work.

TABLE NO. 16

SUMMARY OF ANNUAL COSTS FOR PUBLIC SERVICE, GROUPED UNDER NON-REVENUE AND REVENUE PRODUCING

Class of Service Rendered by—	Annual Cost of Service: Total Service by Groups.	Per Capita.	City Portion.	Per Cents of Sub-Total.	Per Cents of Grand Total.
Non-Revenue Producing					
City and School District	$ 12,876,223	$24.79	$12,395,466	48.15	16.37
County	8,791,446	12.56	6,282,000	24.40	8.29
State	17,998,543	6.32	3,160,000	12.28	4.17
United States	780,803,435	7.81	3,905,000	15.17	5.16
First Sub-Total	$ 820,469,647	$51.48	$25,742,466	100	33.99
Revenue Producing					
City Enterprises	4,315,661	8.62	4,315,661	8.63	5.70
United States Postal Service	313,364,667	3.13	1,565,000	3.13	2.06
Privately Owned, Local Service	25,078,782	50.16	25,078,782	50.17	33.12
Privately Owned, Interstate	3,806,108,092	38.06	19,030,540	38.07	25.13
Second Sub-Total	$4,148,867,202	$99.97	$49,989,983	100	66.01
Grand Total	4,969,336,849	151.45	75,732,449		100

TABLE NO. 17

SUMMARY OF ANNUAL COSTS FOR PUBLIC SERVICE, UNDER PUBLIC AND PRIVATE OWNERSHIP GROUPING

Kind of Ownership; Service Rendered by—	Annual Cost of Service: Total Service of Group.	Per Capita.	City Portion.	Per Cents of Sub-Total.	Per Cents of Grand Total.
Publicly Owned					
City and School District	$ 17,191,884	$33.42	$16,711,127	52.84	22.07
County	8,791,446	12.56	6,282,000	19.86	8.29
State	17,998,543	6.32	3,160,000	10.00	4.17
United States	1,094,168,102	10.94	5,470,000	17.30	7.22
First Sub-Total	$1,138,149,975	$63.24	$31,523,127	100	41.75
Privately Owned					
Local, Utility Service	25,078,782	50.16	25,078,782	56.85	33.12
Interstate, Utility Service	3,806,108,092	38.06	19,030,540	43.15	25.13
Second Sub-Total	$3,831,186,874	$88.22	$44,109,322	100	58.25
Grand Total	4,969,336,849	151.46	75,732,449		100

In addition to the above, a substantial amount should be included to cover cost of water transportation, local cartage, warehouse and storage charges, etc. Figures for these items are, however, not available.

There are some duplications in the tabulated figures, as the amount for "Interstate Railway" service includes part of the cost shown for postal and express charges. In like manner, the cost of other service is made up in part of transportation charges. The amount of duplication and overlapping is probably much less in the aggregate than those service costs which can not be shown.

While the tabulation figures are not fully exact and complete or up to date, they will nevertheless serve for the purposes of comparison.

TABLE NO. 18

CITY AND COUNTY DIRECT TAX LEVY, 1915

Levy for—	Amount of Direct Tax: Total Collected.	Per Capita.	City's Portion.	Per Family.	Per Cent.
City	$6,753,715	$13.51	$6,753,715	$67.55	60.50
County	6,175,835	8.82	4,410,000	44.10	39.50
Total*		$22.33	$11,163,715	$111.65	100

*General property tax.

It is perhaps needless to further consider tabulation detail at this time, and we come to the real lesson to be brought out and presented through the study.

3RD. INCENTIVES FOR POLITICAL ACTIVITY OF UTILITY AND CONTRACTING CONCERNS; NEED FOR EXTENSION OF PUBLIC OWNERSHIP AND CONDUCT OF PUBLIC SERVICE UNDERTAKINGS

Some Causes for the Breakdown of Our Municipal Governments

The showing made in the United States, by municipal governments, during the century and a quarter of our independence, has on the whole been quite disappointing. Inefficiency and graft, with the domination of the political "boss," have been the rule rather than the exception, to a greater or less degree in practically all of our cities. Among the causes or influences contributing to this result may be mentioned:

1st. Forms of government poorly adopted for city conditions and service, (divided responsibility, checks and balances, short terms of office, etc.);

2nd. Nomination and election of city officials based on the lines and policies of national party politics;

3rd. Acceptance and use by the municipalities of the "spoils system," which was grafted on the practice of our national parties;

4th. The enormous growth and extension of public utility enterprises and undertakings, and the granting and trading in utility franchises, with the attendent corruption and bribery;

5th. The practice of letting public works contracts to private parties;

6th. Indifference and lack of interest in public affairs by the electors, and an absence of open-mindedness to discover and adopt the best forms or methods of government suited to municipal requirements, already proven good by others.

In few words, our municipalities have been administered too much in the interests of personal or private profit, rather than in disinterested patriotic service for the good of all.

Franchises and Contracts

This part of the report will attempt to deal only with privately owned public utility franchise, and public works contract questions. These have been and are now, unquestionably, among the most potent factors in the production of corrupt and inefficient service in our municipal governments. There has been rarely a notable case of municipal corruption and scandal in the country, that has not

had back of and involved with it, in a more or less direct way, franchise grants or public works contracts.

The notorious Tammany Hall interests in New York City, have been chiefly concerned with public works contracts, but trading in utility franchises has been no inconsiderable part of their interest and activity in the municipality's affairs.

Lincoln Steffens in "The Shame of the Cities" gives some outstanding features of graft and corruption of various kinds in the different American cities.

The most notable case in this country, of the exposure and prosecution of graft and corruption, was that of San Francisco. Years of absolute domination and corruption in the State of California, by a powerful political machine for profit, backed by the Southern Pacific and other utility interests, reached a culmination in 1906, directly after the San Francisco earthquake and fire, in franchise trading and bribery, together with extortion. As a result, the mayor was convicted and sentenced for extortion; sixteen of the eighteen supervisors were forced to resign for confessed bribe taking; the then San Francisco "boss," Abe Ruef, was sent to the penitentiary. (Every citizen of the country should read and re-read "'The System' as Uncovered by the San Francisco Graft Prosecution," by Franklin Hichborn).

The national government has not been free from exploitation, as witness the railway land-grant frauds, and the armor plate contract scandals of some years past.

Money Measure of Control Influence

The tabulations giving the value of property and the annual cost of public utility service, will serve to show in a measure the source and the degree of influence and pressure of the "Invisible Government" or "System" on our public affairs.

Table No. 9 shows that out of the total of $934.85 per capita value of property devoted to public service, $491.78 or 52.6% is privately owned. In addition $276.53 or 29.6% of the balance is subject to franchise grant for carrying on privately owned public utility service. These give a combined total of $768.31 per capita or 82.2% of the total public service rendering property subject to private ownership, influence and control. Again, of this amount, the street paving represents $50.78 per capita or 5.43% that is created under private contract. Other "Contract Created" property brings this total up to $87.29 per capita or 9.34% contract influence. This added to the above 82.2% gives a total of 91.54% as the private interest influence, in owning, controlling or creating public service property.

Table No. 15 shows that for 1915, in the city and school district, over $6,700,000 was expended under private contract.

Table No. 17 shows that out of a total of 151.46 dollars per capita for public service, $88.22 or 58.25% is furnished by privately owned utility concerns.

The per capita amount of value of $491.78 represents a total investment for the city service of $245,890,000. It is needless to say that this investment is made and maintained primarily for profit. Public works contracts are also undertaken for gaining profit.

Incentives for Political Activity, by Utility Concerns and Contractors

In establishing their franchise rights, equipment, and in rendering service, the public utility concerns have continually to go to the city government to get rights and privileges. In securing contracts and carrying them into execution, the contractor has also to deal with the city officials. Rights, privileges and accommodations can usually best be secured by having at least part of the governing authorities friendly to those who seek grants and privileges. This naturally puts these "Private" interests in politics to secure the election and appointment of officials who are "friendly." The intermediary to accomplish this purpose has generally been the political "boss." There are other successful agencies employed which we will not undertake to discuss at this time.

The prizes and returns to be secured by the exploiter are so great that few if any American cities have escaped this blighting influence on their government. The situation is, and has been such, that some utility concerns that would have otherwise refrained from dishonest and corrupt politics and practices, have been forced into the political field in self-defense, against the unscrupulous methods of their competitors and opponents.

It will be to little purpose to detail further at this time the pernicious influence on government exerted through the political activity of public works contractors, and public service utility concerns. The most casual observer recognizes the unsatisfactory, and in many cases intolerable, governing of American cities. The source and origin of the "Invisible Government" or "System," and its constant and subtle influence is not recognized or appreicated to the extent that it should be, by the great majority of our citizens. Dishonest and inefficient municipal government is of such long standing and so extensive, that well qualified self-respecting citizens can hardly undertake municipal service, without feeling that in so doing, it is to a degree at a sacrifice to their self-respect. In fact there is more than a suspicion that the "Invisible Government" agencies have acted with a deliberate purpose to have public office carry a degree of odium and stigma, to discourage well-qualified, honest and self-respecting men from accepting, let alone seeking this service.

We are not lacking in exposures of the prostitution of government to serve selfish interests. We have many appeals to our civic pride to rid ourselves of the domination of these interests in politics and government. Many appeals, and more or less effort has been directed toward the extension of public ownership of service utility undertakings, as an aid in securing relief.

Notwithstanding all this, our progress in improving and securing the desired degree of honesty and efficiency in government, is discouragingly slow.

Dollars and Cents Reasons for Extending Government Ownership

Self-interest is one of the strongest and most potent incentives for action, which seldom fails to meet with a fair degree of response, but seems never to have been adequately presented as an argument, in the interests of all, for the extension of public ownership. What will the extension of government ownership of public service utilities mean to us individually in the full measure of dollars and cents?

A further study of the tabulations will disclose some of the most convincing dollars and cents reasons why we should extend government ownership to include all public service utility enterprises.

Table No. 9 shows the per capita investment in utility enterprises under private ownership to be $491.78. Before the day of regulation and rate fixing authorities, rates were generally made as high as the traffic would bear. At present a return of eight per cent on the investment is considered fair. Municipalities can generally borrow money for from four to five per cent. If all of the public utility service were carried on as public enterprises, without profit, and money borrowed at four and one-half per cent, then the annual saving from this item alone would amount to the potential difference between that and eight per cent, into $491.78 or $17.21 per capita.

Table No. 15 shows that in 1915, $13.41 per capita was spent for contract work. Contractor's profits are generally figured at twenty per cent. If this work were carried out by the municipality at cost, this per cent of cost amounting to $2.68 per capita, could generally be saved.

The two items above amount to a total of $19.89 per capita per annum, or a gross amount of $9,945,000 for the entire city.

Table No. 17 shows the cost of utility service per capita rendered by private concerns to be $88.22. The potential saving on this of $17.21 leaves $71.01 or a reduction of 19.49%. This total potential reduction in the cost of utility service for the whole City of Los Angeles amounts to $8,605,000 per annum.

The $8,605,000 annual saving represented by the 3½% difference between "Return" and "Interest," is not the only money saving that may be reasonably expected. There is now an enormous amount of duplication and over-lapping which could be eliminated. With parcels post service, is there any good reason why the country should be served in addition with half a dozen or more independent, privately owned express companies? Under government ownership and operation there is no good reason why the telephone and telegraph service should not be combined with and made a part of the postal system.

In interstate railway transportation a great amount of duplication of property and service could be avoided without any loss in efficiency, and probably with an actual gain.

It is hardly necessary to mention the two local telephone systems, the two local transportation systems, the two telegraph systems, the three electric systems, the three or more gas companies, and about ten private water companies.

It is a fair presumption that under complete government ownership of all public service utilities, that through the reduction of over-head expense and needless duplication of property and service an additional saving of about 10% could be had on the $44,109,322 annual utility service cost, conducted under private ownership, amounting to $4,410,932. This combined with the saving of $8,605,000 on "Fair Return" gives a total of $13,015,932, or $26.03 per capita. In addition the saving of $2.68 per capita, or a total of $1,340,000, the possible saving on contracts, is thrown in for good measure.

It will be of interest to show in tabular form the cost of all kinds of service, under per capita, per family, and in comparative per cents. See Table No. 19.

Many complaints are heard about high taxes. Just how much of the public service is paid from: direct tax levy; fees and licenses; internal revenue; duties; fares; rates, etc., would be interesting to show. This inforfation is apparently not available, without a great deal of research, if at all.

Table No. 16 shows the total annual cost of public service for the citizens of Los Angeles to be $75,732,449. Of this amount $25,742,466 or $33.99% is the cost of non-revenue producing service, rendered by the City, County, State and United States.

The Six Largest Items of Public Service Costs

From Table No. 18 note that the total direct tax levy amounts to $22.33 per capita. Table No. 19 shows that the largest single item of expense enumerated for public service is $35.00 per capita for interstate railway transportation. The smallest is for county public health, $0.01. Total for city and county public health $1.58. The second largest item is for local transportation, $16.20. The third, local telephone service $13.04. The fourth, electric service $12.52. Education comes fifth, at $9.65. The sixth, is gas at $8.21. Note the fact that these six largest items of expense, except the fifth for education, are of the revenue producing class and are for privately owned public utility service.

Direct Tax and "Saving" Compared

Table No. 18 shows the total direct tax levy of the city and county amounts to $11,163,715. It is equivalent to 43.36 per cent of the cost of non-revenue producing service. Of the total public service cost of $75,732,449 per annum it amounts to 14.74%. Of the cost of service rendered under public ownership, of $31,623,127, the direct tax levy as above represents 35.30 per cent.

Compare now the potential saving on, "Fair Return" of $8,605,000, "Overhead, Etc." $4,410,932; total $13,015,932 per annum, with the cost of different kinds of public service, under public and private ownership, and the direct tax levy.

Description of Figure 1

Figure 1 shows the "Grand Total" per cents for the different items of Table No. 19 drawn to scale. The solid black bars represent to scale the figures set opposite. The first bar column represents kind of ownership; the second, represents kind of service; the third, represents the detail of the kind of service; the fourth, represents revenue and non-revenue service; the fifth, source of revenue or how the service cost is paid; and sixth, the total per capita cost per annum. The per cent that each item is of the whole is given in figures in each case and where practicable the per capita cost in dollars and cents as well. The division line between private and public ownership extends across bars 1, 2 and 3, while that between revenue and non-revenue producing extends across bars 3, 2 and 5.

TABLE NO. 19

APPROXIMATE ANNUAL COST FOR DIFFERENT KINDS OF PUBLIC SERVICE, PER CAPITA, PER FAMILY, AND IN COMPARATIVE PER CENTS

Non-Revenue Producing— Kind of Service, Rendered by	Cost of Service Paid by.	—Annual Cost of Service— Per Capita.	Per Family.	Per Cent of Sub Tot'l %.	Per Cent of Grand Tot'l %
City—General City Government	1–2–3–	$ 3.00	$ 15.00	12.10	1.98
Public Safety		3.77	18.85	15.19	2.49
Public Health		1.57	7.85	6.32	1.03
Highways		4.16	20.80	16.78	2.75
Education		9.65	48.25	38.92	6.37
Recreation		.71	3.55	2.87	.47
Charities		1.19	5.95	4.82	.79
General and Miscellaneous		.74	3.70	3.00	.49
Total City	1–2–3–	24.79	123.95	100 *48.15	16.37
County—General Government	1–2–3–	2.31	11.55	18.36	1.53
Public Safety		.55	2.75	4.34	.36
Public Health		.01	.05	.08	.01
Highways		3.20	16.00	25.51	2.12
Recreation		.17	.85	1.36	.11
Charities		1.70	8.50	13.56	1.12
Miscellaneous		.89	4.45	7.07	.59
Interest and Debt Redem.		1.57	7.85	12.48	1.04
Objects of Trust		.52	2.60	4.17	.34
Investments Purchased		1.64	8.20	13.07	1.08
Total for County	1–2–3–	12.56	62.80	100 *24.40	8.29
State Total	1–2–3–	6.32	31.60	*12.28	4.17
United States—Total	1–2–3–7–8–	7.81	39.05	*15.17	5.16
Total—Non-Revenue Producing	1–2–3–7–8–	51.48	257.40	100	33.99
Revenue Producing—					
City—Water, Service	4–	3.49	17.45	40.50	2.31
Int. & Redemption	1–	3.64	18.20	42.18	2.40
Electric, Int. & Redemption	1–	.64	3.20	7.40	.42
Harbor, Service	3–5–	.12	.60	1.40	.08
Int. & Redemption	1–	.73	3.65	8.52	.49
Total City	1–3–4–5–	8.62	43.10	100 †73.36	5.70
United States—Postal Service	4–7–8–	3.13	15.65	†26.64	2.06
Total—Public Ownership	1–3–4–5–7–8–	11.75	58.75	100 ‡11.75	7.76
Private Ownership					
Transportation, Street Ry.	6–5–	16.20	81.00	18.36	10.70
Transportation, Interstate	4–6–5–	35.00	175.00	39.67	23.11
Transportation, Express	4–	2.06	10.30	2.34	1.36
Communication, Telephone	4–	13.04	65.20	14.78	8.51
Communication, Telgr. & L. Dis. Tel.	4–	1.00	5.00	1.13	.66
Light & Power, Electric	4–	12.56	62.58	14.19	8.26
Light & Power, Gas	4–	8.21	41.06	9.31	5.42
§Water	4–	.19	.95	.22	.12
Total—Private Ownership	4–5–6–	88.22	441.09	100 ‡88.25	58.24
Total—Revenue Producing	1–3–4–5–6–	99.97	499.84	100	66.01
GRAND TOTAL—Non-Rev. & Revenue		$151.45	$757.25		100

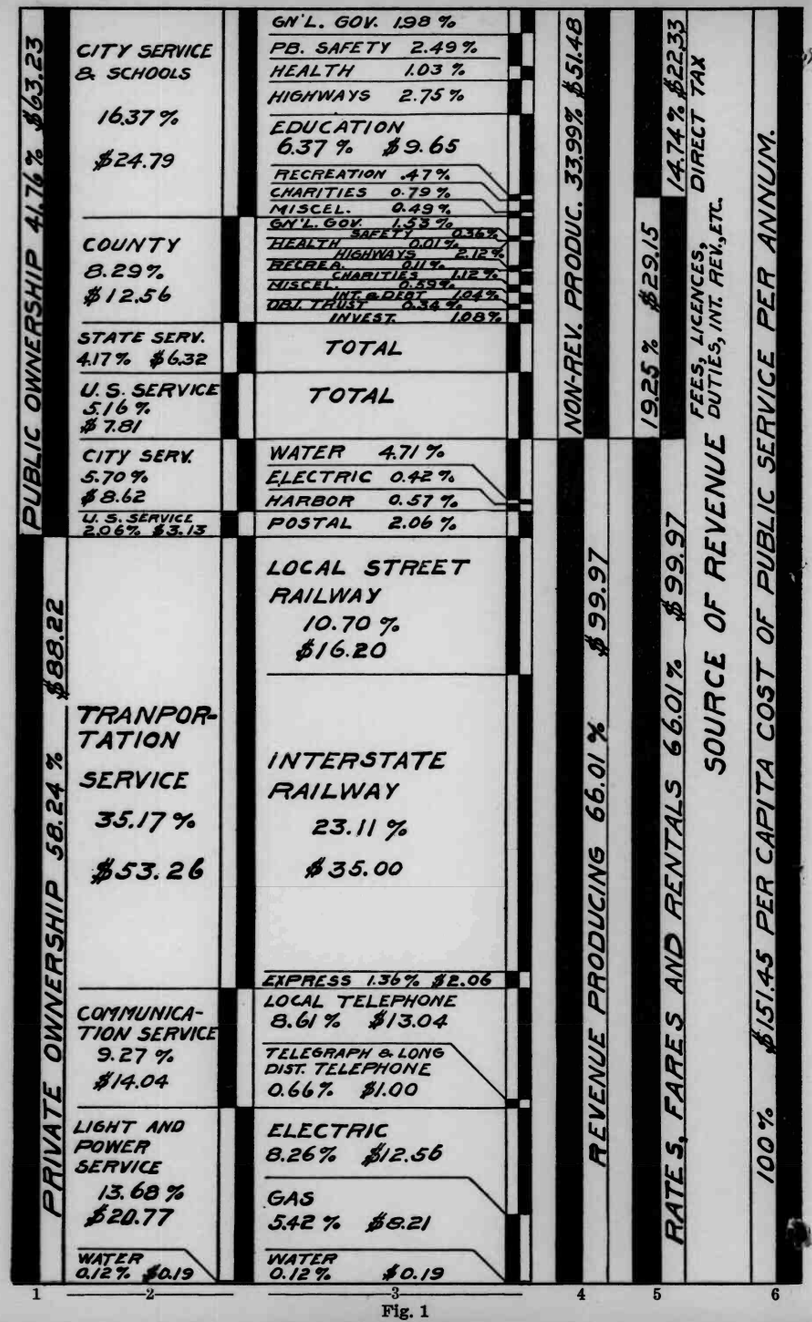

Fig. 1

(Reference Notes for Table No. 19.)

NOTE—Index for "Cost of Service Paid by": 1– Tax Levy; 2– Licenses; 3– Fees; 4– Rates; 5– Rentals; 6– Fares; 7– Duties; 8– Internal Revenue.

REMARKS—*, †, ‡, are group total per cents. § This added to amount for water in Table 12 gives total a little less than in the original report.

TABLE NO. 20

ANNUAL COST OF DIFFERENT KINDS OF PUBLIC SERVICE, AND THE PER CENTS OF EACH WHICH THE PROBABLE SAVING FROM "FAIR RETURN" RATE ON PROPERTY, AND A REDUCTION OF OVERHEAD EXPENSE, DUPLICATION OF SERVICE, ETC., WOULD PROBABLY AMOUNT TO

Ownership, Kind of Service, or Revenue Origin—	Cost of Service— Total.	Cost of Service— Per Capita.	Annual Saving and Their Per Cents of Service Costs, Etc. "Fair Return" Per Capita $17.21	"Service" $8.82	Total $26.03
			Total $8,605,000	$4,410,932	$13,015,932
			Per Cent.	Per Cent.	Per Cent.
Total Public Service	$75,732,449	$151.46	11.36	5.82	17.18
Publicly Owned Service	31,623,127	63.24	27.21	13.95	41.16
Privately Owned Service	44,109,322	88.22	19.51	10.00	29.51
Non-Revenue Producing Service	25,742,266	51.48	33.43	17.13	50.56
Revenue Producing Service	49,989,983	99.97	17.21	8.82	26.03
Tax Levy, Total, Direct	11,163,715	22.33	77.08	39.51	116.59
Tax Levy, City, Direct	6,753,715	13.51	127.41	65.30	192.71
Tax Levy, County, Direct*	4,410,000	8.82	195.12	100.02	295.14

*City's portion of County Direct Levy. The cost of the non-revenue producing service paid out of; direct tax levy; fees; licenses; internal revenue; duties; etc.

A reference to Table No. 20 shows the potential saving between "Fair Return" and "City Bond Interest" on the investment per capita, of the privately owned public service utility concerns, is almost twenty (19.51) per cent of the annual cost of the service rendered by these agencies. It is of particular significance that this saving is over three-quarters (77.08%) the amount of the total direct tax levy. It is over one and one-quarter times (127.41%) the total city tax levy and almost twice (195.12%) the amount of the city share of the county direct tax levy.

Compare these items of service costs with the direct tax levy per capita, in per cents of $22.33:

$35.00 for interstate railway service.....is 156.74 per cent of $22.33
$16.20 for local street railway service.....is 72.55 per cent of $22.33
$13.04 for local telephone service.....is 58.39 per cent of $22.33
$12.52 for electric service.....is 56.07 per cent of $22.33
$ 9.65 for education .....is 43.22 per cent of $22.33
$ 8.21 for gas service .....is 36.77 per cent of $22.33

The objection may be raised that the suggested annual saving of over eight million and a half dollars is based on interstate service cost as well as local; and that the taking over of the railways by the general government is too remote to consider as a practical move at this time. To such an objection it may be answered that if the efforts toward government ownership were confined to local service utilities, now in private hands, the following showing should be made. Tables Nos. 8 and 9 show that the value of property devoted to local utility service is $140,427,000 or $280.85 per capita. This amounts to 57.11 per cent of the City's total share of utility service property, privately owned. It will thus be seen that considerably more than half the amounts previously given would apply if the

local utilities alone were considered. To be specific, three and one-half per cent of $280.85 amounts to $9.82, as the annual saving per capita. This total for the city ($4,910,000) added to ten per cent of local utility service cost ($25,078,782 x 10%) $2.507.878, gives a total saving of $7,422,878. This amounts to more than half the estimated possible annual saving, before mentioned, of $13,015,932.

What the Potential Saving Would Buy

The matter may very well be put in another way. If the people of Los Angeles were able to save this larger amount ($13,015,932) every year, some of the following results might be accomplished:

One year's saving ($13,015,932) would nearly pay for the estimated value of the Los Angeles Gas and Electric Corporation property (Table No. 5, $14,000,000). The same estimate also applies to the two telephone companies. It would more than two-thirds pay the estimated value of the entire property of the Southern California Edison Company, $19,000,000.

Two years' saving ($26,031,864) would more than cover the estimated value or bonded debt ($23,500,000) of the Los Angeles Railway Corporation. It falls only $2,967,136 short of the estimated value of the property of the Pacific Light & Power Corporation.

Eleven years' savings ($143,175,252) would more than pay for the entire estimated value of all local utility service property now under private ownership ($140,427,000) devoted to the service of the people of Los Angeles.

On the face of this showing alone, we have no hesitancy in making the unqualified assertion that all utility service that depends on franchise grants, or is in its nature a monopoly, should be owned and operated as a government enterprise.

Moral Worth of Government Ownership

As previously stated we have not lacked for sensational exposures of corruption and graft in franchise trading, and steals, as well as in public works contract scandals. As an additional and attendant evil of private ownership, stock jobbing and gambling, are of serious importance.

We may be indifferent to corruption and scandal, but if the oft-repeated complaint about high taxes is any criterion of interest, then the question of public ownership, as affecting us by self-interest in dollars and cents, should be of compelling vital interest and importance to any person, paying utility service rates, either directly or indirectly, if the figures above presented are worthy of confidence, which we believe they are.

Where we have established a community interest in service, such as schools, postal service, conservation of health, fire protection, policing, water service, etc., there is never a question raised as to the propriety or desirability of their conduct as public enterprises. The question therefore naturally arrives as to why we should hesitate or be timid about the complete extension of government ownership to cover all public utility service?

There is perhaps nothing that will conduce to the upbuilding, well-being and advancement of a community so much as the widespread and unselfish interest of all of the citizens, in the things essential or desirable for the good of all. Any conditions or agencies that stand in the way of this attainment should be removed.

Corrupting Influence of "Private Interest"

The "Invisible Government" or "System" is not a myth, belonging only to other times and places. Do not forget for a moment that this influence is always present and potently active. No better evidence of this need be shown than is given in the words of Franklin Hichborn in "The System," which we take the liberty of copying.

"The great San Francisco fire was brought under control Friday, April 20, 1906. The Sunday following, the first step was taken toward getting the scattered Board of Supervisors together. . . The ashes of the burned city were still hot; the average citizen was thinking only of the next meal and shelter for the night for himself and dependents. But the public-service corporations were even then active in furthering plans which had been temporarily dropped while San Francisco was burning.

TALENTS IN THE PULPIT

There is an idea abroad in the church that, for purposes of religious results, feeble instrnmentails are as efficient as more puissant ones—fully as efficient; that while in other matters there is a direct ratio between human ability and accruing affects, in the range of Christian effort the ratio between the two is an inverse one, and that the more hopless the instrument God uses for the promotion of Christian interest the more God thinks of it, and the more abundantly he will bless it. In olden times certainly there was no divine prefference for human dbility when is was a matter of ministering at the altar, and it is not clear that God's choice distinct Levitical requirement that no man with a blemish should come nigh the altar to offer the offering of the Lord. That evinces God's purpose that no man should have charge of sanctuary service who was physically deficient; and the inference is easy not to say necessary, that he would regard with reluctance the intrusion into sanctuary offices of a man otherwise deficient. Still the notion has somehow become diffused that pretty much anything will answer when it is a question of making a minister. Not long ago I was called upon by a lady of considerable Christian eminence who, in the course of conversation regarding her household, told me that she had three sons—John James and William. In regard to John she said that she had devoted him to law. James, she said, early developed great talents of a monetary kind—shrewdness, cleverness and the like—and she put him to Business. The third son, William, she remarked, in an apologetic kind of way, she had consecrated to the Lord, intending me to understand that he had been set apart for th Christian ministry. A little later in the course of conversation, after her characterization of her three sons had passed out of her mind, she remarked, casually, that William had always been a pipping sort of child, and she never had much expectation of being able to raise him.

Wholeness is in sense holiness. Completeness is first cousin to consecration; and whn it is a matter of choosing men to be ministers, God's appeal is, first of all, to them that are pure in heart not only, but to them that are stanch in body and gifted in mind; in other words, human thoroughbreds.

There is no ministerial arrogance in this. It is a frank statement of fact, and fact, too, in the light of which we need to think and act in all matters relative to th enriching and strengthening of the Christian ministry. If you want to make a man president of a bnk, you will insist that he be honest; but that will go very little way in your esteeem toward making out his competency for th position. Goodness goes abuot as short a way toward composing fitness for the ministry as honesty does toward composing fitness for a bank presidency. The greatest man that ever lived was minister. The pulpit will reach in its effects just according to the power—consecrated power, of course—of the man that occupies the pulpit. God uses his men for all they are worth; He cannot use them for any more; He will not use them for any less. The only profession or pursnit of which it can be said that its field is the world is the Christian ministry.

—Dr. Charles H. Parkhurst

D. M. Reynolds,
Spl. Agt. President
Pacific Electric.

PROTECTION FOR GRADE CROSSINGS

"Thank-you-marm's" to protect railway grade crossings are now a reality, for Fulton Lane, President of the Los Angeles Board of Public Utilities, and the man whose appointment to fill the next vacancy on the State Railroad Commission is being urged in Southern California, is now leading the grade crossing protection movement in Los Angeles County, in an effort to cut down the 4900 grade deaths reported each year to the Interstate Commerce Commission.

In an effort to co-operate with the State Railroad Commission in the protection of dangerous crossings, Lane has instructed the Board of Public Works of Los Angeles to place a "thank you marm" at the crossing of the Pacific Electric four track line and Mission Road on the busiest boulevard between Los Angeles and Pasadena.

A bump will be construced fifty feet on each side of the railway tracks to force automobiles to slow down to 8 miles an hour in running over this dangerous crossing.

The construction of a serics of checks on each side of railway crossings to protect speeders against themselves, has been advocated both by members and engineers of the State Railroad Commission and officials of the Automobile Club of Southern California. Until this time, however, no public official has taken definite action to try out this method of crossing protection.

Some days ago S. A. Bishop, general claim agent of the Pacific Electric addressed a letter to the State Railroad Commission and to the Board of Public Utilities, suggesting that an experiment along this line be tried, and Lane, in order to try out the proposed plan at once, decided on the most dangerous crossing in the City of Los Angeles for the test.

According to the plan outlined, speed data will be taken at this crossing before the bump is installed, and additional investigattng willi be made after the work is done, in order to determine the value of the innovation.

Several construction methods are suggested, either the construction of a bump or a dip in the road or the building of a sand pit which would force automobilists to go into the intermediate gear.

Lane, who was one of the builders of the Los Angeles aqueduct, and who has just completed for the City of Los Angeles the presentation of the most important rate case ever heard before the Railroad Commission, said in his letter of instructions to the Board of Public Works, "The Pacific Electric has four tracks crossing Mission Roard at Rose Hill at an oblique angle. Many obstructions to a clear view of the tracks have been removed. Warning bells and wig-wags have been installed. Still this remains a very dangerous crossing, and a menace to life hardly equalled in the City, on account of the sharp angle and the careless disregard of of automobile drivers to the warning signals.

"The more accustomed automobile drivers become to this crossing, the more careless they are to its warning signals, and the more chances they take in attempting to beat the trains to and across this grde crossing.

"Many Cities and Counties have put in checks, such as dips and bumps to stop speeding, and only recently this County issued a permit to an individual owner to put such check in front of his property on one of the County boulevards.

"This method seems to have proved a successful method of putting a check to speeders. I believe it would make for greater safety at railroad crossings. Checks on Mission Road would have to be located some fifty feet from the railroad right-of-way, and in the stree tover which your Board has jurdiction. Such checks, on both sides of this crossing, would be a comparatively inexpensive experiment, and one that merits a fair trial."

BREVITIES.

Many a man who thinks himself a modern big gun is only an old smooth bore.

* * *

It is "the horror of home" which is driving so many people into clubs and hotels?

* * *

Where a busy man is tempted by one devil the loafer is tempted by a dozen. Get busy.

* * *

It is getting harder every day for a man to succeed in any calling and yet be a drinker.

* * *

Letter-writing preachers are seldom promoted, and yet they never learn the reason why.

* * *

You can get along better with some nervous people by just letting them pleasantly alone.

* * *

Faithful are the wounds of a friend, but don't sharpen your tongue just to give point to an adage.

WISE OR

Susie's

Our Susie keeps a
Just like a regul
She waves it whe
And marks it g
She munches be
game,
She stretches h
And cheers the r
With proud

Sometimes she's
She tally's in
And jumps wh
And starts
See dances wh
And trembles
And often shan
You'll hear h

She writes goll
And claps the
She hisses at th
When he coun
She questionma
But underline
In ciphers that
She indicate

Oh, show me
Upon the ps
Or ancient tabl
Sue has them
Tell me not of
Or mystic C
They're easy
When Sist
—F

At the very
that their
ter is wholesc

Gov. Ham
Metodist Epis
ger merely n
a world churc
where.

When a man
gion which mak
body else is bac
ter ask himself
drinks.

Now that in
ebb, Americanis
ride. Let us h
spirit of '76.
all the time.

You think
would do so
are that you
you can with
ably accomp

Preachers m
in the right sen
should not be
the limited ex
dently partis
party wrongs

The only ge
cessfully count

Fig. 2

". . . The people forgot for the time the issues which had before the disaster divided the city. But the agents for the public-service corporations did not forget. We find a representative of the Home Telephone Company picking his way over the hot ashes of the burned city to (Supervisor) McGushin's saloon to meet the Supervisors that the interests of his company might be preserved. . . . Even as the Home Company was seeking out the Supervisors, the United Railroads was getting in touch with Ruef."

While the incompetency, corruption and graft in San Francisco was no worse than has been and is experienced by other cities, the "exposures" have been more sensational and complete; and more court convictions secured than in any others undertaken in the country. Included in the convictions were city officials, bribe takers and bribe givers. Even so, the convictions fell short of the full measure of justice, which, however, was through no fault of those who conducted the original prosecution.

Does anyone for a moment imagine that these same corrupting influences are not at work in the city of Los Angeles?

Publicity and the Prostitution of the Press

The greatest weapon against this selfish influence is full and truthful publicity. On the other hand the most insidious and ingratiating influence of the "System" is accomplished through "controlled" publicity. Consequently the "System" is "in" the publishing business and has established, and maintains all but complete control over newspaper publicity. As a fair example of publicity apparently backed by "Inspiration," note Fig. 2, which is a photograph of an article appearing in the California Independent of August 3, 1916. It is a fair presumption that it was not the intention to have the "letter head" appear as copy, as we are reliably informed that after the discovery was made that a "slip" had occurred, the issue was suppressed. As to what degree of friendliness is entertained by the "Special Agent of the President of the Pacific Electric" and other corporation friends toward the other members of the Board, of which the gentleman referred to in the article is a member, we are not in possession of "published information" to state. Note lines 3 to 8 inclusive under "Protection for Grade Crossings," Fig. 2.

Our "Friends" the Special Agents and Their "Friendship"

We need not flatter ourselves with the assertion or belief that there are not other officials, both elective and appointive, that are well liked, by the "Special Agents" of the utility interests.

Mr. Abraham Ruef was paid for his "services" as an "attorney." "There are other ways of killing a dog than choking him to death with butter." Sometimes officials are given a "friendly tip" on how to invest profitably in stocks. Sometimes officials are entrusted with the right to secure "options" on property desired by and useful to public service corporations or their friends. Sometimes public officials are given an opportunity to "earn" commissions on services rendered. There are many ways in which "Special Agents" can render themselves agreeable and prove their qualifications as "good fellows."

Evidence is not lacking to show that the public works contractors insist on showing their "friendship" to public officials and employes in many different ways.

On the other hand when public officials or employes are not responsive to the "friendship" of the invisible government or system, they are generally given to understand and feel that they "do not belong."

CONCLUSION

Distinct Gains from Government Ownership

We are definitely of the opinion that the complete ownership and operation of all public utility service undertakings by the government should result in the following:

1st. Lowering the cost of service, equivalent to over seventeen per cent of the entire public service cost, or to nearly thirty per cent of the cost of service rendered under present private ownership. Again this saving should amount to more than the entire direct tax levy (116.5%) at the present time;

2nd. Better service, through the elimination of duplicated property and service.

3rd. The removal from the political field, all of the activity and pressure now exerted through interest in, property owned and service rendered, by private ownership for profit, which has been and is responsible for such a large part of the corruption and graft in the conduct of government;

4th. The united sentiment and support of the major portion of the citizens of the community, in an insistent demand for efficient and honest service by public officials and employes, in the interest of the general good, instead as now too often happens, in the interest of special privilege.

5th. The relief of the press from the pressure and influence now exerted by the "System," in behalf of public works contractors and the public utility concerns.

6th. The united interest and loyalty of the great majority of the citizens in the public service of all kinds, rendered for the benefit of all.

Evil Influences Still Remain

If all of the influences now exerted by the interests connected with public utility service and public works contracts, were removed, there is still enough self-interest left from other sources to more or less effectively stand in the way of the best and most efficient government, devoted to the general good. There are many forms of petty graft that still remain as a temptation for dishonest and unscrupulous persons to seek and obtain office for narrow self-serving and "profit."

Gains More Than Worth the Effort to Secure Government Ownership

From the fact that practically all American cities have been and are poorly governed, an earnest and determined effort should be made to discover and apply effective remedies. We believe from the facts shown in this report, that the first step should be to establish all public utility service and public works construction as government undertakings.

To do this for the entire country will mean a great amount of constructive effort and a fight of no mean proportions. In our estimation it is a fight that will unquestionably have to be made and the sooner it is started in earnest the better.

United States Government's Ownership of the Telegraph; Other Service

The United States Government constructed the first telegraph line in 1843-4, from Washington to Baltimore, and sold it to private parties in 1847. In 1866 Congress passed a law authorizing the government to purchase all or any telegraph lines after 1871. Many of the Postmaster Generals have since recommended the purchase of the telegraph by the government.

We believe the United States Government should, with the least possible delay, take over both the telegraph and telephone systems of the country and operate them as a part of the postal system. All of the business now carried on by the private express companies should be carried on by the post office department, and the private concerns prohibited from competition, as was done in the letter-carrying service in 1845. After this is accomplished the general government should begin taking over the interstate railroads.

What Los Angeles Should Undertake

For the City of Los Angeles we recommend and urge that all local utility service be taken over by the City, preferably in the following order:

1st. The completion of the purchase, and the development of the required equipment for the entire city electric service;

2nd. Complete the purchasing of all of the remaining water companies;

3rd. Take over, with the least possible delay, the entire equipment of the Los Angeles Gas and Electric Corporation as well as all other gas supplies in the city;

4th. Take over the local transportation service;

5th. Take over all of the terminals of the interstate railroads in the city;

6th. Extend the scope of the municipal markets;

7th. Establish municipal baths;

8th. Establish municipal slaughter houses.

Any American City that first accomplishes all of these undertakings may be counted a real pioneer as far as this country is concerned.

Better Government! Government Ownership One Step; Better Citizenship Another

The full realization of government ownership and conduct of all public service will not automatically insure honest and efficient government. As yet we have not trained ourselves to that high standard of citizenship that calls forth the unselfish interest and devotion to the general welfare, that is essential to the success of self-government.

We hear much of the patriotism of war at this time. The demand and incentive for the patriotism of peace, though not as intense as that of war, is nevertheless ever present to enlist the disinterested efforts of all. We must foster the constructive patriotism of peace for the common good of all.

The accomplishment of anything really worth while generally costs considerable effort.

To redeem our municipal governments from the old curse of inefficiency, graft and misrule is more than worth the effort it will cost. As it is a real job, let us go to work with determination and keep at it until we succeed.

Approved June 7th, 1917, by Committee on Municipal Ownership.

(Signed)

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Secretary.

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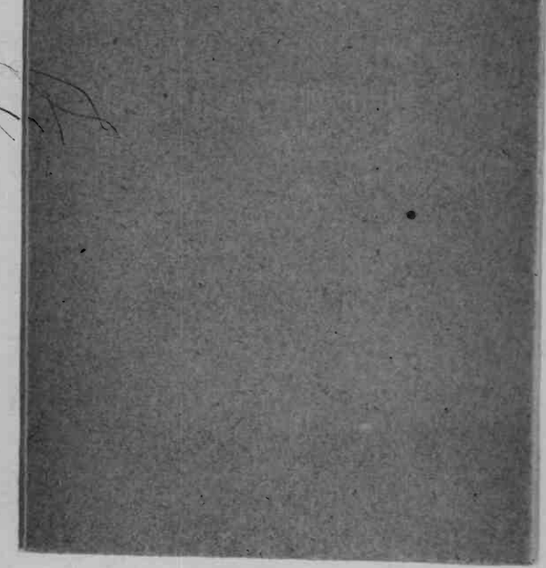
Committee on municipal ownership.
Report on government ownership

D535.4 C49



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